

# DAILY REPORT

*China*

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FOREIGN MINISTRY SPOKESMAN HOLDS WEEKLY BRIEFING

Vietnamese Cease-Fire Proposal

OW051220 Beijing XINHUA in English 1212 GMT 5 Feb 86

["China Prepared To Punish Vietnamese Invaders, Says Foreign Ministry Spokesman" -- XINHUA headline]

[Text] Beijing, February 5 (XINHUA) -- A Foreign Ministry spokesman said here today that China is well-prepared to mete out punishment to any Vietnamese invaders. He made this statement here this afternoon in response to questions whether there would be fierce fighting along the Sino-Vietnamese border during the Spring Festival and whether China still reserves the right to teach Vietnam a lesson.

The spokesman said the fact is that Vietnam is continuing its military provocations against Chinese border areas and is preparing a larger military adventure. Under such circumstances, he said, "The Chinese frontier guards are on alert and well-prepared to mete out punishment to any invaders." "As for when and on what scale China will counterattack," he said, "it will depend on the time and scale of Vietnam's intrusion and provocation."

Commenting on a proposal of cease-fire during the Spring Festival by Vietnamese authorities, the spokesman said: "It is void of practical significance. The fact is that Vietnam never stops its military provocation against China."

Condemns Israeli Interception

OW051140 Beijing XINHUA in English 1130 GMT 5 Feb 86

[Text] Beijing, February 5 (XINHUA) -- The Chinese Government today strongly condemned Israeli authorities for dispatching jet fighters to intercept and force-land a Libyan passenger plane en route to Syria yesterday.

The Chinese government regarded this as "a terrorist act which wantonly tramples upon the basic norms of international law". This was stated by a Chinese Foreign Ministry spokesman at the weekly press briefing here this afternoon.

Gu Mu to Visit Singapore

OW050954 Beijing XINHUA in English 0945 GMT 5 Feb 86

[Text] Beijing, February 5 (XINHUA) -- Chinese State Councillor Gu Mu will pay a working visit to Singapore in mid-February to discuss matters concerning cooperation between the two countries in the fields of tourism and civil aviation and will study Singapore's economic construction. This was announced by a Foreign Ministry spokesman at the weekly press briefing here this afternoon.

The spokesman also confirmed that State Councillor and Foreign Minister Wu Xueqian will visit Japan this year at the invitation of Japanese Foreign Minister Shintaro Abe. The visit was agreed upon during Abe's visit to China last year, he said. Specific itinerary is under discussion.

Finnish, Norwegian Visits

OW051148 Beijing XINHUA in English 1122 GMT 5 Feb 86

[Text] Beijing, February 5 (XINHUA) -- Prime Minister of the Republic of Finland, Mr. Kalevi Sorsa, will pay an official visit to China in September at the invitation



of Chinese Premier Zhao Ziyang, a Foreign Ministry spokesman said at a weekly news briefing here today. He said, since the establishment of diplomatic relations between China and Finland in 1950, the two countries have enjoyed good relations. In 1984, the total value of trade between the two countries exceeded 100 million U.S. dollars for the first time and an agreement on investment protection was signed in the same year.

He also announced that Foreign Minister Sverre Strøm of the Kingdom of Norway will pay an official visit to China from February 22 to March 1 at the invitation of the Chinese State Councillor and Foreign Minister Wu Xueqian. In recent years the cooperation between China and Norway in the fields of economy, trade, science and technology has been further developed, he added. During Foreign Minister Strøm's visit, China and Norway will officially sign an agreement on avoiding double taxation.

#### XINHUA REPORTS SOVIET CRUISE MISSILES ON ETOROFU

HK051114 Beijing XINHUA Hong Kong Service in Chinese 0852 GMT 5 Feb 86

[Text] Tokyo, 5 Feb (XINHUA) -- SANKEI SHIMBUN reports today that since October 1985 the Soviet Union has begun deploying cruise missiles with nuclear warheads on Etorofu, north of Japan.

It is reported that surface-to-ship and surface-to-surface offensive SSC-1 cruise missiles, with a range of about 450 km, have been deployed on Etorofu. If the missiles are launched from Etorofu, the Senai base in Hokkaido and the Misawa base in Aomori Prefecture would be within the range of its attack.

#### NO INCREASE PLANNED IN PRC OIL EXPORT IN 1986

OW041200 Beijing XINHUA in English 1155 GMT 4 Feb 86

[Text] Beijing, February 4 (XINHUA) -- China will not increase its total volume of oil export this year to help stabilize oil price on the world market, announced a Chinese official here today.

Zheng Dunxun, president of China National Chemicals Import and Export Corporation, said the move is designed to promote the dialogue and negotiations between the Organization of Petroleum Exporting Countries (OPEC) and non-oil exporting countries on the basis of taking each other's interest into account. He said that China has made progress in its oil industry, but its oil is mainly for domestic consumption and only a limited amount of oil is exported. He expressed his concern for the drastic drop in oil price on the world market, and said that China appreciates and supports the efforts made by OPEC to stabilize the oil price through negotiations with other oil producers.

#### EC READY TO RESUME TALKS WITH COMECON

OW010912 Beijing XINHUA in English 0732 GMT 1 Feb 86

[Text] Brussels, January 31 (XINHUA) -- The European Commission (EC) said today that it is ready to resume talks with the Council for Mutual Economic Assistance (Comecon). The readiness was expressed in letters which European External Relations Commissioner Willy de Clercq handed over today to Romanian Ambassador to EC Julian Vacarel, a commission spokeswoman said.

The letters -- one to Comecon secretariat-general in Moscow and one to the Romanian Government as the current Comecon president -- said the EC was willing to consider ways of establishing "formal relations" with Comecon which groups the Soviet Union, Poland, Czechoslovakia, Democratic Germany, Hungary, Romania, Bulgaria, Mongolia, Cuba and Vietnam.

The ties between EC and Comecon were suspended in 1980 amid growing East-West tensions over the Soviet invasion of Afghanistan. The EC also wanted to "normalize ties with each of Comecon's European member states" in parallel with the proposed new contracts with Comecon's secretariat-general. Today's letters were a reply to a letter from Comecon Secretary Vyacheslav Sychev last September inviting EC officials to visit the Soviet Union to work out a joint statement of intent on improving relations between EC and Comecon.

#### SOVIET UNION, ANGOLA SIGN ECONOMIC AGREEMENTS

OW310742 Beijing XINHUA in English 0709 GMT 31 Jan 86

[Text] Moscow, January 30 (XINHUA) -- The Soviet Union and Angola have signed several documents broadening economic cooperation between the two countries, the Soviet news agency TASS reported here today. The documents stipulated a number of projects including a meat-processing complex and several farm machine and tractor stations. The Soviet Union will supply Angola with motorcars and other products. The documents were signed during Angolan Planning Minister Lopo do Nascimento's visit to Moscow.

A report said that trade between the Soviet Union and Angola has primarily consisted of USSR economic aid to Angola. Angola has experienced an unfavourable balance in bilateral trade during these years. The trade volume reached 149 million roubles (186 million U.S. dollars) in 1984, with the Soviet exports totalling 146 million roubles (183 million U.S. dollars) and importing worth 3.1 million roubles (3.88 million U.S. dollars).

REAGAN ISSUES STATE OF THE UNION MESSAGE

OW051238 Beijing XINHUA in English 1230 GMT 5 Feb 86

[Text] Washington, February 4 (XINHUA) -- U.S. President Ronald Reagan said tonight, "Keeping America strong is as vital to the national security, as controlling federal spending is to our economic security." In this fifth State of the Union address to the Congress, Reagan devoted most of his speech to domestic problems, especially to reducing budget deficits, the number one controversial issue his administration and the Congress face this year. The U.S. President made it clear that he has no intention to cut the military spendings, although he said that the passage of Gramm-Rudman-Hollings act in the Congress last year "gives us an historic opportunity to achieve what has eluded our national leadership for decades, forcing the federal government to live within its means." He said that the budget for fiscal 1987 he is going to submit to the Congress would "meet the Gramm-Rudman-Hollings target for deficit reductions" Without sacrifices in defense, tax hike or hurting the "truly less fortunate." Reagan promised that he will achieve the target through economic growth and through cuts in nonessential domestic spending. For this purpose, he asked the Congress to give him a line-item veto this year so that he can have "the authority to veto the waste." The so-called "line-item veto" would empower the President to veto selective items within a bill without vetoing the whole bill. In the case of an annual budget passed by the Congress, he could retain what items he likes and kill what items he dislikes.

In other fields of domestic problems, Reagan revealed his intention to revise the current welfare and medical insurance systems, saying that he is charging the White House domestic council to present him by December 1, 1986, an evaluation of the welfare programs and a "strategy for immediate actions" in this respect. He said that he has also directed secretary of health and human services to report him by the end of the year with recommendations "on how the private and government can work together to address the problems of affordable insurance for those whose life savings would otherwise be threatened when a catastrophic illness strikes."

In his message, Reagan stressed the importance of enhancing the military strength, saying that the U.S. must be kept strong. "We have devoted five years trying to narrow a dangerous gap born of illusion and neglect. And we have made important gains." However, he said, "the threat from Soviet forces, conventional and strategic, from the Soviet drive for domination, from the increase in espionage and state terror remains great." "This is reality," he said, adding that "Closing our eyes will not make it disappear." The president called for support for his Strategic Defense Initiative, the so-called "star wars" program, saying that "a security shield can one day render nuclear weapons obsolete and free mankind from the prison of nuclear terror."

On the U.S.-Soviet relations, Reagan said: "It is my hope that our fireside summit in Geneva and Mr. Gorbachev's upcoming visit to America can lead to a more stable relationship." However, he stressed, "we cannot stroll into the future with child-like faith... Logic and history compel us to accept that our relationship be guided by realism -- rockhard, clear-eyed, steady, and sure." "If the Soviet Government wants an agreement that truly reduces nuclear arms, there will be an agreement," he added. On the record huge trade deficits facing the country, Reagan pledged he will continue to counter unfair trading practices, pry open closed foreign markets to U.S. goods and oppose protectionist legislation. "We have begun coordinating economic and monetary policy among our major trading partners," he said, adding that he has asked Treasury Secretary James Baker to undertake a study of a possible world currency conference and report to him by the end of the year.



JAPANESE VICE FOREIGN MINISTER SHINICHI VISITS

Meets Wu Xueqian

OW041136 Beijing XINHUA in English 1227 GMT 4 Feb 86

[Text] Beijing, February 4 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian met Japanese Vice-Minister of Foreign Affairs Yanai Shinichi here today.

Yanai Shinichi was in Beijing to take part in the sixth round of regular consultations between foreign affairs officials of China and Japan on February 3 and 4. According to sources here, during the consultations Chinese Vice-Minister of Foreign Affairs Liu Shuqing and Yanai Shinichi, his Japanese counterpart, had good talks on bilateral relations and international issues of mutual concern.

Meets Gu Mu

OW041202 Beijing XINHUA in English 1153 GMT 4 Feb 86

[Text] Beijing February 4 (XINHUA) -- State Councillor Gu Mu met Japanese Vice-Minister of Foreign Affairs Yanai Shinichi here this afternoon. Yanai Shinichi is in Beijing to take part in the sixth round of regular consultations between foreign affairs officials of China and Japan on February 3 and 4.

NAKASONE SAYS GORBACHEV SHOULD VISIT JAPAN FIRST

OW031129 Beijing XINHUA in English 1052 GMT 3 Feb 86

[Text] Tokyo, February 3 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone, who has received an invitation from Soviet leader Mikhail Gorbachev to visit Moscow, said today that Gorbachev should visit Japan first.

Nakasone made the remarks in replying to question raised by the opposition Japan Socialist Party during a debate in the House of Representatives. He said Gorbachev must come to Tokyo before he will go to Moscow because four Japanese premier have visited the Soviet Union and no Soviet head of Government has ever visited Japan. This time, he said, the Soviet Union should send its leader to Japan. During the Soviet-Japanese foreign ministerial talks held here last January, an agreement was reached to exchange summit visits.

JAPAN TRADE BALANCE FAVORABLE WITH PRC, OTHERS

OW311702 Beijing XINHUA in English 1444 GMT 31 Jan 86

[Text] Tokyo, January 31 (XINHUA) -- Japan registered a record surplus of 56 billion U.S. dollars in trade with the rest of the world in 1985, according to a statistics released by the Finance Ministry here today. The statistics showed that Japan's exports last year totalled 173.9 billion U.S. dollars, an increase of 3.4 percent over 1984, while its imports totalled 117.9 billion dollars, 4.9 percent less than the previous year. The country also scored a favorable balance in trade with the United States, the European Economic Community and China.



XINHUA ROUNDUP VIEWS PHILIPPINES BEFORE ELECTION

OWO41634 Beijing XINHUA in English 1620 GMT 4 Feb 86

["Round-up: Philippines, Prior to Election " (by Chen Jiayong) -- XINHUA headline]

[Text] Manila, February 4 (XINHUA) -- With the February 7 presidential election of the Philippines only 3 days away, both candidates of the ruling party and the opposition have entered into the homestretch and are preparing for the last spurt. The question of primary concern is undoubtedly who will be the winner. Observers here, however, feel it's still too early to predict the result of the election.

President of the Philippines since 1966, Ferdinand Marcos was reelected as head of the country in June 1981. His office term, as the Constitution stipulates, is due to expire in June, 1987, but the president decided to cut it short in response to the growing domestic and foreign pressure and submitted himself to the snap election. The election campaign, which began December 11, 1985, has so far brought the president to 20 of the country's 74 provinces. His challenger, Corazon Aquino, widow of the assassinated opposition leader Benigno Aquino Jr., has toured 66 provinces, something that the president has been unable to do because of his health.

Marcos could have expected an easy victory had the opposition remained a divided force. However, the many fractions in the past have been united at present and have succeeded in filing one unified ticket at the last minute to constitute a real threat to the president's 20-year-old rule. Mrs. Aquino, though inexperienced as a politician, is by no means weak. The 53-year-old presidential candidate has drawn big and eager crowds wherever she campaigned. People want a change that she represents, she said. Observers here believe that many of the intellectuals, businessmen and professionals, and urban residents are likely to vote for her. The influential Catholic Church is also widely perceived to have been supporting the opposition.

On the other side, Marcos, with his almost unlimited campaign chest, is still strong in many aspects. The president has the mighty political machinery and controls the country's one million government employees, and the Armed Forces in particular. People believe that he will resort to all possible means to ensure his victory. Early this month, election-related deaths rose to 40 despite the strongly worded pastoral letter issued by the Catholic Bishops' Conference a week before, expressing "grave concern and great sadness" over electoral violence that "is threatening to escalate to a level never experienced before."

To make sure that no massive frauds will be conducted in the election, the National Citizens Movement for Free Elections, an organization officially credited as a citizens' arm, has mobilized some 500,000 people to monitor the polls and to conduct an advance count of ballots. Meanwhile, the United States has sent hundreds of observers and reporters to the country where Washington maintains two of its biggest military bases in Asia. One senior member of the American observer delegation disclosed that his government may even encourage a military takeover, if election frauds trigger social turmoils, the local press reported. The U.S. 7th Fleet came in the Philippine waters last week amidst the fear that any American interference in the internal affairs of the Philippines will increase the complexity of the country's troublesome situation.

People here have every reason to worry about the country's future to be marred possibly by more continued disturbances even after the February 7 election.

#### CAMBODIAN TROOPS MUTINY, KILL 30 SRV SOLDIERS

OWO41011 Beijing XINHUA in English 0718 GMT 4 Feb 86

[Text] Beijing, February 4 (XINHUA) -- Some 30 Vietnamese soldiers were killed and 20 others wounded in the city of Takev in Kampuchea between January 25 and 27 when some 300 Heng Samrin troops in Phnom Penh opened fire against the Vietnamese, radio Democratic Kampuchea reported today. No detail about the fighting has so far been disclosed. The clash between the Heng Samrin and Vietnamese troops is continuing, the radio said.

On December 25 of last year when the Democratic Kampuchean National Army attacked the Vietnamese troops stationed in the city, some 200 Heng Samrin soldiers in Phnom Penh also joined the attack. As a result, a large number of Vietnamese troops were killed. The radio called on the National Army and guerrillas around the city to give material and moral support to the Heng Samrin troops in their just action. It was the fourth such reported mutiny by Phnom Penh troops in less than two months.

#### SRV INTRUDERS DRIVEN OUT OF EAST THAILAND

OWO41606 Beijing XINHUA in English 1442 GMT 4 Feb 86

[Text] Bangkok, February 4 (XINHUA) -- All Vietnamese intruders in Thailand's eastern Ubon Ratchathani Province have been driven out of Thai territory, local press reported today. Quoting Army spokesman Major General Narudon Detpradiyut as saying yesterday, the report said that the Thai Army suffered substantial losses during the action. Narudon did not state when the intruders were expelled.

The Vietnamese intruded into Nam Yun District of the province on January 25 and occupied some hilly areas. The Thai Army launched a counterattack against the intruders on February 1. Despite the fact that the Vietnamese have been driven out of Thai territory, Narudon said, the Thai Army has to maintain vigilance as Vietnamese troops are occupying favorable terrains on the other side of the Thai-Kampuchean border.

#### U.S. CUTS MILITARY AID TO THAILAND FOR 1986

OWO41125 Beijing XINHUA in English 0715 GMT 4 Feb 86

[Text] Bangkok, February 4 (XINHUA) -- U.S. military aid to Thailand for fiscal year 1986 will amount to 92.5 million U.S. dollars, 14.3 million U.S. dollars less than the previous year, it was learned here today. The U.S. military assistance to Thailand falls into four categories, namely, military assistance program, foreign military sales, international military education and training and economic support fund. Only training and economic support funds survived the cut this year. Last month the United States provided five million U.S. dollars worth of assistance to Thai villagers affected by the influx of Indochinese refugees.

An informed source said that the cut in the U.S. security aid to Thailand would be small in comparison with that to other recipient countries such as Morocco, Sudan, Panama. Despite the cut of security aid, the increased concessionality in the U.S. assistance package to Thailand would remain unchanged. The terms would include low interest rate of about five percent and 10-year grace and 20-year repayment period, the source added.

SRI LANKA HAILS MEDICAL COOPERATION WITH PRC

OW031630 Beijing XINHUA in English 1626 GMT 3 Feb 86

[Text] Colombo, February 3 (XINHUA) -- Sri Lankan President Junius Jayewardene expressed here today his appreciation of the cooperation between doctors of traditional Chinese medicine and Sri Lankan indigenous medicine in giving medical treatment to local people.

Receiving a four-member medical studying group from Huangshi City of China's Hubei Province, the president welcomed the establishment of a projected Chinese traditional medical treatment center here. Under an understanding reached in China last year between the two sides, the center, besides giving treatment, is to provide training for Sri Lankan doctors in traditional Chinese therapies and medicines, and to explore the possibility of combination of the indigenous medicines of the two countries. The Chinese group arrived here early last week for a feasibility study of establishing the center.

AFGHAN HELICOPTERS RAID PAKISTAN FRONTIER CITY

OW010820 Beijing XINHUA in English 0747 GMT 1 Feb 86

[Text] Islamabad, February 1 (XINHUA) -- Three Pakistan women were wounded when Afghan helicopter gunships fired rockets and shells at the Parachinar area, Kurram Agency of North-West Frontier Province yesterday, PAKISTAN TIMES reported today. This was the third air raid on the Pakistan territory by the helicopters of Kabul regime in the past five days since they bombed and rocketed Parachinar earlier on January 27 and 29, inflicting losses on life and property to the local people.

Parachinar, the central city of the Kurram Agency, is situated 16 kilometers from the Pak-Afghan border. Beside striking suburban Lakmankhel, Shelazan and Kalabai Villages, the Afghan aircraft, intruding into Pakistan airspace twice in the morning and once in the afternoon, also shelled the Parachinar City and tried to attack an airbase under construction.

SAARC DELEGATES DISCUSS RURAL DEVELOPMENT

OW041003 Beijing XINHUA in English 0910 GMT 4 Feb 86

[Text] Islamabad, February 4 (XINHUA) -- Delegates from seven member countries of the South Asian Association for Regional Cooperation (SAARC) have met to explore ways and means to close their cooperation in rural development, the PAKISTAN TIMES reported today.

Inaugurating the four-day symposium on rural energy problems here yesterday, Anwar Aziz Chaudhury, Pakistan local government and rural development minister, said that SAARC cooperation would not only help accelerate their development pace, but would also pave the way for bringing accelerated moves towards peace and tranquility in the region. The per capita production and consumption of energy in SAARC nations, Chaudhury said, fall far below the levels of acceptable standards of the world. Energy supply to rural areas where 70 percent of the population lives is only a fraction of the national resources. Therefore, he said, a forceful and comprehensive energy policy for rural areas is imperative.

During the symposium, delegates from the seven SAARC countries -- Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka -- will discuss the need and availability of both conventional and non-conventional energy sources in rural areas of their countries. They will also study different sources of energy for irrigation, domestic lighting, cooking and agrobased industries, and evolve a strategy for planning and management of alternative sources of energy.



GUANGMING RIBAO ON BRITISH ECONOMY, 'THATCHERISM'

HK031005 Beijing GUANGMING RIBAO in Chinese 23 Jan 86 p 4

[Article by Xu Shiquan: "'Thatcherism' and Britain's Economic Situation"]

[Text] Since Mrs Thatcher became master of 10 Downing Street in May 1979, she has carried out "drastic reform" of the United Kingdom's socioeconomic policy. The economic reform measures adopted by the British prime minister are called "Thatcherism" by some people.

Mrs Thatcher has never admitted to "Thatcherism," but she does not deny that she is a follower of monetarist theory. The main contents of her economic reform policy include monetarist macroeconomic policy, the "privatization" of nationalized enterprises, the reform of the welfare system, and the restriction of trade union power. According to the monetarist theory that socioeconomic activities are determined by the money supply, the Thatcher government takes control of the money supply as the core of its economic policy. In March 1983, it published its first 4-year "midterm monetary strategy," which included two major measures: First, to quickly lower the growth rate of money supply from 7-11 percent in 1980 to 4-8 percent in 1984; and second, to reduce public expenditure by 4 percent within 4 years and to strictly control the financial deficit.

The "strategy" pointed out that the fundamental purpose of controlling the money supply is to lower the inflation rate. The Thatcher government selected this approach to economic affairs because it involved the political issue of whether or not the voters would support the Conservative Party in the election. The approach also represents the opinion of the City of London (that is, the United Kingdom's financial and commercial circles). Only by lowering the inflation rate can a way be found to ensure economic growth in the United Kingdom, to raise the enterprises' competitiveness, and to reduce unemployment.

From the very beginning, the prime minister's monetary policy was the focus of political struggle between the ruling and opposition parties. It has also sparked heated controversies in academic circles. Practice over the past 6 years or more has lowered the inflation rate from 10.3 percent in 1979 to 5.5 percent in 1985. But the United Kingdom has also paid a high price for this.

First, serious unemployment has been caused. Since 1979, the number of unemployed has increased by nearly 2 million, and the recent figure was 3.4 million, 13.9 percent of the entire work force. That is to say, a lower inflation rate was achieved at the expense of the consumption capacity of the working masses.

Second, the United Kingdom's industrial foundations have withered. According to statistics by the Confederation of British Industries, in the period between 1979 and 1983, some 15 billion pounds of capital was abandoned as "noneconomical capital." At present, the output of manufacturing industries is 11 percent lower than in 1979. In 1983, the import of manufactured goods exceeded the export of such goods for the first time since the Industrial Revolution. According to some surveys, the competitive power of British industry has fallen to 14th place among capitalist countries.

Supporters of Thatcherism believe that excessive nationalization of British enterprises is one of the root causes of British industry's decline. The disadvantages include: 1) The enterprises merely rely on state investment and lose their enterprising spirit because they can live in ease and comfort; 2) they have become overstuffed, unwieldy, inefficient, and low in productivity; 3) their products cannot meet market needs; and 4) they "squeeze" funds out of private enterprises.



Prime Minister Thatcher once indicated that one of her tasks was to reverse the "distorted" relations between the private sector and the state and to restore the role of market forces as a motive force for the British economy.

Since 1979, the United Kingdom has successively turned 12 large companies engaged in telecommunications, harbor services, aerospace, and automobile production into private enterprises by issuing shares in these companies, contracting them to private operators, turning them into public-private joint ventures, or selling the enterprises to their managers and workers. This year, the British Government will go ahead with selling 5 billion pounds worth of government enterprises including a gas company. This practice has also caused disputes between the ruling and opposition parties. Some people say that the government just uses the money it gains from "privatizing" enterprises to make up the financial deficit and to pay unemployment benefits, and this does not create any social wealth. So it is a serious mistake. Former Conservative Prime Minister MacMillan criticized the government's practice of "selling the silver to make a living."

With the weakening of economic strength, the British Government could not make ends meet after the early 1970's and found it hard to maintain the "welfare state." In the post-war period, social welfare expenditure has increased by 400 percent, and has now reached 40 billion pounds a year, 11 percent of the country's GNP (the figure in early postwar years was a mere 4.7 percent). Supporters of Thatcherism maintain that the present welfare system covers too many items and causes serious waste and poor efficiency. According to the market theory, they maintain that social welfare undertakings should also be shifted to the private sector; that is, education, medical services, and pension funds should all be handled by private institutions.

However, social welfare is also a very sensitive political issue that concerns people's vital interests, so the Thatcher government must take it very cautiously. At present, the government has merely cut down on part of the welfare expenditure and has not begun to "privatize" social welfare undertakings on a large scale. However, the "welfare state" system of which the United Kingdom was once so proud is now in a very difficult position and can hardly move any further. So it is very likely that the British working masses will have to pay a higher cost for this system.

#### ITALIAN PARTY LEADER ASSESSES USSR VISIT

OW300940 Beijing XINHUA in English 0829 GMT 30 Jan 86

[Text] Rome, January 29 (XINHUA) -- Alessandro Natta, general secretary of the Italian Communist Party said that he and Soviet leader Mikhail Gorbachev had identified their agreements and disputes during discussions in Moscow. Upon returning here today following his visit to the Soviet Union, Natta said both sides had more understanding of each other's positions through wide and free discussions. They talked on wide-ranging current international problems, particularly the grave Mediterranean situation and agreed that solutions should be found, he added. The Italian newspaper L'UNITA reported today that Natta told the press that on the Afghan issue, "We held that the 1979 decision on interference was a political error and we urged (the Soviets) to seek a political outlet."

WU XUEQIAN MEETS SFRY VICE FOREIGN MINISTER

OW311212 Beijing XINHUA in English 1202 GMT 31 Jan 86

[Text] Beijing, January 31 (XINHUA) -- State Councillor and Foreign Minister Wu Xueqian met here this afternoon Budimir Loncar, first federal under-secretary of foreign affairs of Yugoslavia.

Loncar arrived here Wednesday as guest of the Chinese Foreign Ministry. Yesterday he held talks with Chinese Vice-Foreign Minister Qian Qichen on bilateral relations and international issues of common concern. The Yugoslav guest will leave here tomorrow to tour Xian, capital of Shaanxi Province, and Shanghai before going home.

PENG CHONG MEETS CSSR PARLIAMENTARIANS

OW311320 Beijing XINHUA in English 1306 GMT 31 Jan 86

[Text] Beijing, January 31 (XINHUA) -- Vice-Chairman Peng Chong of China's National People's Congress Standing Committee met here today Bohuslav Kucera, vice-chairman of the Federal Assembly of Czechoslovakia, and his party. During the meeting, Peng said that he was pleased with the growth of friendship and cooperation between China and Czechoslovakia and increasing contacts between parliaments of the two countries in recent years.

Kucera, who is also president of the Czechoslovak Association for International Relations, replied that developing Czechoslovak-Chinese relations accords with the interests of the two peoples and also contributes to world peace. Peng briefed the visitors on China's economic restructuring and the strengthening up of its legal system. Later, Peng gave a dinner for the visitors.

ISRAELI JETS INTERCEPT LIBYAN AIRCRAFT

OWO41601 Beijing XINHUA in English 1547 GMT 4 Feb 86

[Text] Beijing, February 4 (XINHUA) -- Israeli jet fighters intercepted a Libyan civilian airliner and forced it to fly to an Israeli airport, Libyan state radio reported today. According to the Tripoli radio, the Libyan plane, which was on a flight from Tripoli, Libya, to Damascus, Syria, today, was intercepted by two Israeli jets and forced to fly to Israel.

Among the passengers was Abdallah al-Ahmar, assistant secretary general of the ruling Syrian Ba'th Party, it said. But the radio did not mention who the other passenger might be. The radio quoted the Libyan official news agency JANA as accusing the United States of assisting in the interception by "Jewish air pirates." JANA said that U.S. naval units, which engaged in Mediterranean exercises north of Libya recently, helped Israel with information on flight movements of the Libyan plane.

XINHUA VIEWS TALKS BETWEEN JORDAN, PLO

OWO50426 Beijing XINHUA in English 0242 GMT 5 Feb 86

["News Analysis: Jordan, PLO Uphold Arab Unity After Amman Talks" (by Huang Xiaonan) -- XINHUA headline]

[Text] Amman, February 4 (XINHUA) -- While details of the nine-day summit talks between Jordan and the PLO have been kept secret, both sides are making efforts to refute any rumours about a rift between them.

PLO officials accompanying PLO Chairman Yasir 'Arafat in the recent talks with Jordan will remain in Amman for several days after 'Arafat left yesterday. Because, as the PLO leader Salah Khalaf (Abu Iyad) put it, "We don't want it to give an impression that there is a big break with Jordan." Moreover, 'Arafat himself refuted, with care of words, all claims that the PLO-Jordanian relations have been soured. "I refuse malicious attempts to upset the Jordanian-Palestinian relations. The negotiations have not failed but have stopped at this stage though contacts are still continuing", he declared.

The PLO assessment was shared by a senior Jordanian Government official who said "our talks have gone no where but Jordan and the PLO do not have any problem." He said that he believed the problem is between the PLO and the Americans, and Jordan was just trying to reconcile the PLO's and U.S.' positions during the recent talks. However, the talks made no progress because the U.S. insists that the PLO should accept U.N. resolutions 242 and 338 without granting the Palestinian people right to self-determination.

Both Jordanian and Palestinian officials agreed that the PLO's refusal to accept U.S. conditions would have no negative impact on Jordan-PLO relations. "Both sides remain committed to the Feb. 11 agreement on joint political moves towards a negotiated settlement to the Palestinian problem," the Jordanian official said. Meanwhile, Khalid al-Hasan, a close aide to the PLO chairman, said that the Jordan-PLO accord of Feb. 11 is a strategic agreement that cannot be tactically used. Despite differences of opinion on U.N. Security Council Resolutions 242 and 338, both Jordan and the PLO are trying to assure each other and outsiders that both are pondering on their next step in the common cause to push the Middle East peace process forward.



U.S. REJECTS PLO PROPOSAL ON UN RESOLUTION

OW041912 Beijing XINHUA in English 1900 GMT 4 Feb 86

[Text] Kuwait, February 4 (XINHUA) -- The United States has rejected a proposal by the Palestine Liberation Organization (PLO) to amend the U.N. Security Council resolution 242 to include the legitimate rights of the Palestinian people, a senior Palestinian official announced.

In a statement to the daily AL-ITTIHAD of the United Arab Emirates published in Abu Dhabi today, head of the PLO political department Faruq Qaddumi said the PLO has requested that Washington issue a statement calling for an international peace conference and Palestinians right to self-determination in the frame of a Jordanian-Palestinian confederation. The request was made to the United States through King Husayn of Jordan. Qaddumi said the PLO, in return, would announce its acceptance of resolution 242 after the American statement is released. But in a message relayed through the Jordanian monarch, the U.S. turned down the PLO request.

The PLO official indicated that the PLO might accept marginal compromises for its participation in the peace talks but would not sacrifice basic Palestinian rights. The PLO believes that the Amman agreement is the maximum compromise the PLO can offer. The agreement does not refer to an independent Palestinian state, but calls for self-determination of the Palestinian people in the frame of Palestinian-Jordanian confederation, Qaddumi emphasized. He stressed that strengthening Palestinian national unity and escalating armed struggle in the occupied Arab lands remain the key Palestinian positions in the immediate future.

TIAN JIYUN MEETS GABONESE WATER MINISTER

OW319910 Beijing XINHUA in English 0904 GMT 31 Jan 86

[Text] Beijing, January 31 (XINHUA) -- Vice-Premier Tian Jiyun met Dr Herve Moutsinga, Gabonese minister of water resources, forests and reforestation, here today. Tian said China and Gabon enjoyed very good political relations and close economic ties. He said Gabon was rich in forests and fisheries. Both countries would benefit through an expansion of bilateral trade in timber and co-operation on fishing.

Moutsinga said he had held friendly talks with Chinese officials regarding bilateral co-operation on forestry and fishing during his one-week visit to Beijing, Dalian and Fuzhou. He conveyed Gabonese President El-Hadj Omar Bongo's greetings to the Chinese Government and people. Tian also asked Moutsinga to convey the best wishes of Chinese President Li Xiannian to President Bongo.



RENMIN RIBAO HAILS CIRCULAR ON CADRE SELECTION

HK040455 Beijing RENMIN RIBAO in Chinese 2 Feb 86 p 1

[Commentator's article: "Another Important Provision on Rectifying Party Style"]

[Text] The CPC Central Committee issued a "Circular on Selecting and Using Cadres Strictly According to Party Principles" on 28 January. This is another important provision formulated by the party Central Committee for improving party style, following the meetings of cadres of the central organs, and the issuance of regulations by the General Offices of the CPC Central Committee and the State Council against sending unnecessary delegations, groups, or personnel abroad, and on simplifying receptions for leading cadres at all levels on various tours. Implementation of this provision is of special importance for effectively improving party style.

The question of party style is ultimately a question concerning cadres. Cadres are the executors of the party's policies as well as the embodiment of the party's work style. When the masses of people view party style, they first look at the style of party cadres, leading cadres in particular. How can an unqualified cadre, selected not according to party principles but through evil practice, stand firmly, resist unhealthy tendencies, and foster a sound party style?

In selecting and using cadres, our party has adhered to the principle of appointing people according to their political integrity and ability, and has always followed a fair and honorable practice. Generally speaking, we have done a good job. That our undertaking has advanced full speed ahead and the succession of new cadres to the old and the cooperation between them have proceeded smoothly since the 3d Plenary Session of the 11th CPC Central Committee suffices to prove this point. However, there are indeed a few leading cadres who have diverged from party principles in appointing people by favoritism. They paid no attention to party spirit and principles, but to blood relations and connections; they did not consider people from all corners, but only their close relatives and friends; they ignored the opinion of the masses and organizational discipline governing personnel, and only listened to individual opinions; and some of them even tried all means to promote or appoint their children, relatives, and friends through the "back door." Consequently, some people with limited ability and no political integrity or unqualified people were selected to leading bodies, and others were even promoted through evil designs and flattery. Such unhealthy tendencies in selecting and using cadres constitute a serious threat to the organism of our party, and they must be resolutely eliminated.

In rectifying unhealthy tendencies in selecting and using cadres, it is necessary to rely first on education and second on the legal system. Either one alone will not suffice. Party regulations and discipline are also laws. The "guiding principles" adopted by the 5th Plenary Session of the 11th CPC Central Committee stipulates: "No leading cadre is permitted, in violation of the party's organizational principles and criteria for the selection of cadres, to promote his family members or relatives to leading positions." In view of the new situation, the party Central Committee has summed up new experiences over recent years, formulated special provisions for selecting and using cadres, and set stricter demands on leading cadres. The "circular" also stipulates: Party committees at all levels "should establish measures for implementing the circular in the light of the reality in their areas and departments. At the same time, they should examine their work on selecting and using cadres, and they must promptly and decisively handle problems discovered in the examination." This stipulation conforms with the interests of all party members and the aspirations of people across the country. As long as we act resolutely according to the party Central Committee's provisions, we will certainly be able to rectify and stop unhealthy tendencies in selecting and using cadres.

LIAOWANG COMMENTS ON IMPROVING PARTY STYLE

HK031252 Beijing LIAOWANG in Chinese No 3, 20 Jan 86 p 4

[Commentator's article: "Central Organs Must Set an Example in Rectifying Party Style"]

[Text] Just as the spring of 1986 arrives, the CPC Central Committee Secretariat held a meeting of the departments directly under the party Central Committee and the State Council on 6 and 9 January. At the two meetings, Hu Yaobang, Zhao Ziyang, Tian Jiyun, Yang Shangkun, and Wang Zhaoguo delivered important speeches, calling on party members and officials of the central party, government, and military organizations to set an example for the whole nation in rectifying the work style of the party. They were also called on to raise their efficiency levels, concentrate more on their political studies, and observe discipline, all in an effort to enhance party spirit. Meanwhile, they were urged to introduce major improvements in the party's work style and in social conduct at large and to strive for greater successes in economic structural reform and all aspects of economic construction; they were urged to act with unremitting efforts and in the spirit of the foolish old man who removed the mountains.

This is an important decision. Comrade Hu Yaobang put it well when he said: Central organizations should play a pivotal role in our whole cause. How they play this role has a vital bearing on the future of our cause. Therefore, the central organizations should set an example for the whole nation in morale and work style. This will lend great impetus to major improvements in the party's work style and in social conduct at large. Since the 3d Plenary Session of the 11th CPC Central Committee, major achievements have been scored in rectifying the work style of the party, setting things right, eliminating the influences of "leftist" ideology, drawing up regulations and rules for political life within the party, and carrying out party rectification by stages and in groups. After the National Conference of Party Delegates last September, the party Central Committee Secretariat spared no effort in promoting cultural and ideological progress while enacting the reform of the economic structure. In December last year, the General Offices of the CPC Central Committee and of the State Council jointly issued a circular, calling on party and government organizations at various levels to improve their work style and fight corruption. At present, the party Central Committee is determined to rectify the party style of work and calls on the central organizations to set an example in this regard. This is, no doubt, of great significance.

The main current of work style in the central organizations is good, and the majority of officials of the central organizations work hard and conscientiously. Great successes have been achieved in creating a new situation in both domestic and foreign affairs. However, it is not secret that in some departments and units, there remain malpractices such as bureaucracy, liberalism, lack of efficiency, irksome discipline, disputes over trifles in work, abuse of power for personal gain, and the practice of not acting on principles but being guided by favoritism. Furthermore, there is corruption in some links of our work and some officials have gone so far as to become criminals. Failing to solve these problems early and allowing them to spread unchecked will severely damage the interests of the state and the people and hinder implementation of the opening up policy and progress of the current reform.

"A political campaign will come up again." Some people have said so. No, absolutely not. Experience over the past 30 years or more impressively tells the Chinese people that political campaigns can only raise a hue and cry and seem vigorous superficially but create no end of trouble for the future. Such formalistic practices should be abandoned. In the new drive to improve discipline and work style in the central organizations, we must uphold the principle "less empty rhetoric, more concrete deeds," strengthen ideological education, improve different systems, and preserve discipline.



Meanwhile, we must exhaustively investigate and deal with major and serious cases of malfeasance, improve the intra-party political life and arouse the consciousness of party members and the masses. Since the 3d Plenary Session of the 11th CPC Central Committee, we have launched no political campaigns as a solution to our many major problems, but we have recorded dramatic achievements, attracting worldwide attention. Under the party's leadership, the Chinese people have led a chaotic and dilapidated China onto a prosperous path after healing the wounds of the 10-year catastrophe. This shows that the body of our party is healthy, and we can expose our own problems and solve them by ourselves. This is where the strength of our party lies.

"Nonsense. It is bound to go through the motions in the end," said some people who do not have much confidence in rectifying the party work style and eliminating corruption. A good remedy for the persistent ailment of lack of confidence is to see the facts. Just after the 10-year catastrophe, China was confronted with numerous problems and difficulties for a time, but before long an entirely new situation appeared after the party Central Committee adopted a series of measures to set things right. When the party Central Committee introduced the policy of opening up to the world and enlivening the domestic economy, this also made some people anxious. However, it did not cause any trouble; instead the Sixth 5-Year plan was successfully accomplished and many "unexpected achievements" were scored. Thinking about the past well-established facts and having a look at the effective measures taken at present, we can look forward to a bright future as long as we work together with one heart.

Some comrades hope that all negative and backward factors and corrupt practices can be eliminated overnight and will never appear again. Such thinking is unrealistic. Socialist China emerged from the womb of the old society and exists in today's complex international situation. New corrupt practices often occur after the old ones have been eliminated. For this reason, the central principle calling for firm and enduring efforts to rectify unhealthy tendencies and stem misdeeds is absolutely correct.

"China's reform effort and its opening up policy have brought on corruption and economic crimes and encountered opposition. Now China must slow its rush to reform." This is nothing but "oversensitive" conjecture made by a foreign newsman. Some foreign correspondents "are good at" standing facts on their heads and "are adept at" finding what does not exist. They can do this as much as they like. However, we must say: First, there were and are corruption and economic crimes; they probably will exist in the next 50 or 100 years. Corruption and economic crimes are not the inevitable outcome of reform and of the policy of opening up to the world. Secondly, carrying out reforms and opening up to the world are China's well-defined policies. They will neither change nor stop but will develop further. In 1986, our tasks are to absorb, consolidate, and improve all the reform measures we have adopted, develop them to a new level, make careful investigations, and accumulate strength so as to be prepared to adopt new reform measures. The reason is very simple. When we take three meals a day, we must digest before we take another meal. The appeal made by the CPC to its members and officials to rectify the party work style and eliminate corruption is just aimed at removing obstacles from the path of reform and of opening up to the outside world; we must ensure the progress of these measures.

The CPC Central Committee calls on the central party and government organizations to take the lead in improving party conduct. Through effort, central organizations will no doubt improve their work efficiency and make greater contributions to the people. This will certainly give an inestimable impetus to the fundamental improvement of the work style of the party and of social conduct at large. We are convinced that party members and officials of the central party and government organizations will certainly live up to the expectations of the entire party and the people of the whole country.

LEADERS VISIT MANY LOCALITIES, ENCOURAGE REFORM

HK030951 Hong Kong LIAOWANG OVERSEAS EDITION No 4, 27 Jan 86 pp 3-5

[Article by LIAOWANG reporter: "They Are Among the People --- Hu Yaobang, Zhao Ziyang, and Other Leaders of China Inspect Various Localities Across the Country"]

[Text] On New Year's Day 1986, the streets and lanes in Beijing were filled with a jubilant atmosphere. The sun was shining and a soft breeze was blowing despite the fact that it was mid-winter. People had put on their best clothes and were visiting relatives and friends. They were celebrating the arrival of the new year. Compared with the joyous and bustling activities in the streets, some offices inside Zhongnanhai were very quiet. Where had the masters there gone? On New Year's Day:

CPC Central Committee General Secretary Hu Yaobang was in the distant Xisha Islands in the vast ocean. He was visiting sentry posts and dormitories and, together with PLA fighters who had come from distant places on the mainland to defend the coast, was seeing out the old year and ushering in the new.

State Council Premier Zhao Ziyang was inspecting Tangshan City, Hebei Province. He was visiting people who had been crippled or disabled during the great earthquake in Tangshan in 1976.

President Li Xiannian was in Nanjing. Chairman Peng Zhen was in Wuxi. Vice Premier Wan Li was visiting the teachers and students of Beijing Normal University. Hu Qili and Li Peng were extending festival greetings to workers working on New Year's Day. Hao Jianxiu was visiting model workers in Shanghai...

If we paid attention to what happened on New Year's Day 1985, we may remember that Zhongnanhai was also quiet on that day. Hu Yaobang was in Hebei's Wenan, Baxian, and Yongqing Counties and was discussing plans for the new year with local cadres and the masses. Zhao Ziyang was inspecting coastal cities open to the outside world.

This is by no means a coincidence. It is a true expression of the new style of China's leaders in the period of reform and construction. They not only go among the masses in grass-roots units during festivals but also try their best to do so whenever they find time. This has become one of their important work methods, an indispensable link in the course of making decisions on policies, and a frequently adopted way to maintain ties with the people.

Zhongnanhai is the nerve center of the 1 billion Chinese people and the headquarters of China's reform and construction. Each day, tens of thousands of reports, letters and telegrams bring the latest information from various fronts in various localities; and batch after batch of investigators are sent out from here or return from grass-roots units with reports on new situations and the people's demands. However, the central leaders of today are not content with all this. They value the viewpoint of practice and personally conduct investigations and study among the people, grasp firsthand materials, and strive to formulate policies, principles, instructions, and orders which conform to the national situation, public feelings, and reality. Therefore, no matter how busy they may be or what important diplomatic activities they may have to participate in, they always regard going among the masses and reality as an important thing on their agenda.



**One Thousand Five Hundred Counties**

China has over 2,200 counties and cities. Hu Yaobang has said that he has been to 1,500 of them. This of course includes places he had been before he took up office as general secretary. However, he has been to many, many places in the past few years! Let us take for instance the year 1985. At the beginning of that year, he visited Huabei oil field and the rural areas in Wenan, Baxian, and Yongqing in the triangle area with Beijing, Tianjin, and Tangshan as its vertexes. In February, he went to 20 counties and cities in Dehong, Honghe, and Wenshan Prefectures and the frontlines in Yunnan. In June, he went to 13 counties and cities in Shanxi's Yanbei, Linfen, and Luliang mountain areas, and to Shaanxi's Shenmu and Fugu Counties. In the summer months of July and August, he went to the northern and southern parts of Tian Shan in Xinjiang. In September, he followed the route taken by the Red Army during the Long March and inspected Qionglai, Kangding, and Ganzi in western Sichuan and Gansu. In October, he went to Yichuan, Luanzhou, Lingbao, Lushi, and Luoning in western Henan and to Shangnan, Danfeng, Shangxian, and other mountain areas in the southern party of Shaanxi. In December, he went to Ningbo, Fenghua, and Dachen Island in Zhejiang... According to these incomplete statistics alone, he has been to no less than 60 counties and cities.

Premier Zhao Ziyang: In January 1985, he went to Shanxi's Zuoyun, Hunyuan, Huairan, and Datong. In February, he went to Liaoning's Shenyang, Jilin's Changchun, and Heilongjiang's Yichun forest zone. In March, he went to Hebei's Baoding and Shijiazhuang. In April, he went to Hubei's Wuhan City. In July and August, he went to Sichuan's Chengdu City and Liaoning's Dalian Port. In November, he went to Shanghai's Baoshan Iron and Steel Complex and Zhejiang's Wenzhou City. In December, he went to Shandong's Shijiu Port and Yimeng mountain area, Henan's Xinxiang, Jiaozuo, and Kaifeng and Hebei's Zunhua, Qianxi, Qianan, and Tangshan.

Wan Li: In January, he went to Tianjin's Daquizhuang in Jinghai County and Guangdong's Shenzhen and Hainan Island. In February, he went to Hubei's Wuhan City. In March and April, he went to Anhui's Huai He area and Jiangsu's Nanjing, Changzhou, and Changshou. In September, he went to Tianjin New Port. In November, he went to Henan's Xinxiang and Shandong's Yimeng mountain area and Qufu. In December, he went to the Hengyang-Guangzhou railway line.

Hu Qili: In January, he went to Tianjin's Daquizhuang in Jinghai County. In April, he went to Hangzhou City. In June, he went to Guangxi's Guilin. In October, he went to Tianjin and Changchun. In December, he went to the Hengyang-Guangzhou railway line.

Li Xiannian inspected Guizhou and Jiangsu. Li Peng went to Shanxi's Shenmu and Fugu, Anhui's Yingshang, and the Tianjin New Port. Tian Jiyun went to Shandong's Jinan, Hebei's Shijiazhuang, and Liaoning's Dalian and Anshan. Hao Jianxiu went to Jiangxi's Jinggangshan area, Jiangsu's Nanjing, and Shanghai Municipality ....

If you take Zhongnanhai as the center and draw lines joining it with places they have visited, you will get a network with lines radiating out from Zhongnanhai to cities, mountain villages, coastal areas, hinterland, forest zones, pastures, deserts, and islands in all parts of the country. No wonder people say that this is the new style of Zhongnanhai today. From what the central leaders have done, people see that the fine tradition of the CPC has not only been restored but has been developed. In addition, things are now quicker. The time needed for taking actions, finding out the demands of the masses, discovering problems, pooling the wisdom of the masses, and solving problems is much shorter. This has enhanced the rapid progress of China's reform and construction.

### Allowing the Water To Run

While having a heart-to-heart talk with some county party secretaries, Hu Yaobang said: Is it all right if a county party secretary has not visited all the county's villages after he has been in office for 3 years? We must frequently go into the realities of life to carry out inspections, investigation, and study. This is an idea which has all along been stressed by the Central Committee, but which has not been sufficiently implemented by the whole party. The chronic malpractice of indulging in empty talk can only be eliminated through going to realities and the masses. He said that the first step is to go to the grass roots; the second step is to listen to the reports and demands of the masses; and the third step is to study the experience of the masses and to discuss with them how to solve problems.

Chairman Deng Xiaoping once said: "Do more solid work and do not indulge in empty talk." This is also the unanimous view of central leaders.

In 1985, most of the places Hu Yaobang visited were mountain areas and poverty-stricken areas, such as Yunnan's western plateaus, Shanxi's Yanbei and Luliang, Shaanxi's Fugu, Shennu, Yichuan, and Huanglong, Sichuan's Ganzi Autonomous Prefecture, western Hunan, and southern Shaanxi. In these places, there are not many people but numerous mountains, production is backward, and the people are poor. Compared with coastal areas and the hinterland, these places have progressed slowly.

Hu Yaobang has the people of mountain areas in his heart. He has inspected dozens of counties in mountain areas. As he put it, he was "visiting the poor and helping them to become well-off, visiting the rich to solicit their experience in getting rich, and looking for the able and virtuous." He has visited one county after another, thus enriching his understanding of the real situations, broadening his vision, and facilitating his work in formulating plans. He said that mountain areas are faced with the same acute contradiction: On the one hand, a great variety of natural resources above ground or underground have remained untouched over a very long period. On the other hand, tens of millions of people continue to be poor. He pointed out that wooded land and mineral deposits are the focus of labor for the people in mountain areas just as farmland is the focus of labor of the people on the plains. In the past, the fundamental cause of backwardness of mountain areas was that the labor force was divorced from the focus of labor. Once this problem is solved, mountain areas will be enlivened. He said that two obstacles must be removed before mountain areas can become prosperous: One is to have our eyes only on farmland and ignore the "black treasure house" (mineral deposits) underground and the "green treasure house" (wooded land and grassland) above ground. The other is inappropriate policies which bind the people of mountain areas hand and foot. He put forward the necessity of implementing relaxed policies and giving the masses a free hand in mining and afforestation and said that these activities must be carried out by local authorities, collectives, and individuals at the same time. He called this principle "allowing the water to run." "Water" means wealth and resources and "run" means exploration and utilization.

Once the principle "allowing the water to run" was put forward, it was supported by the people and was immediately put into effect. Large numbers of small coal mines came into existence one after another and large numbers of plots on slopes were used by the peasants for growing grass and planting trees on a contract basis. Within a very short period of time, the economy of some mountain areas began to liven up, and they were already profiting by the principle. The characters "allowing the water to run" have brought life back to mountain areas! Poverty-stricken areas are changing.



Many policies and principles have been formulated in this way by the central authorities. They came from the masses and have returned to the masses. They are full of vitality and are accepted by the people because they conform to the conditions of the people and to realities.

#### The Orientation of Urban Reform

In April 1985, Premier Zhao Ziyang came to Wuhan City, the thoroughfare of nine provinces. Wuhan City is marching at the head of urban reform. It was one of the earliest cities to remove restrictions on the vegetable market. Its achievements in introducing capable personnel have also attracted much attention. It has also gained new experience in establishing ties among various sectors and trades and in making the economy prosperous. Zhao Ziyang particularly praised Wuhan City for its policy of "opening wide the gates of the three cities," saying that this is a move of courage and insight, showing no fear of the inrush of commodities from other localities and of elimination of enterprises in competition. He said in Wuhan City that in developing the commodity economy, the gate must be opened wide to other localities, cities, and provinces. Only by opening the gate can there be competition, progress, and development. Many cities are willing to open up to the outside world but not to other localities of our country. This is not right. A city is the product of the development of the commodity economy. It has diversified functions. It is the center of industrial production, the center of commerce, the center of finance, and the hub of communications. Some cities are also centers of science and education. Various economic activities of a city should not serve that city alone but should serve the entire economic zone centering around it. He put forward that it is necessary to turn cities, first and foremost large cities, into open, multi-function, socialized, and modern economic centers. This conversation has become the guiding ideology for urban reform throughout the country and is yielding rich fruits.

At present, Wuhan City continues to develop in this direction. Enterprises in Wuhan City have formed 517 economic associations and cooperative organizations with its suburban counties and have signed over 300 cooperation projects with over 20 counties and cities of Hubei. It has also established economic and technological cooperation and jointly run businesses with Henan, Sichuan, Qinghai, the coastal cities of Shenzhen, Xiamen, Fuzhou, and Zhuhai, and Hainan Island. It has also established and developed trade relations with Japan, the United States, the Federal Republic of Germany, France, Sweden, and Hong Kong and has run joint ventures and cooperative ventures with them.

#### Development of the Western Part of China

In the past few years, Hu Yaobang has been to various places in the western part of China -- Xizang, Xinjiang, Yunnan, Qinghai, and Nei Monggol. A complete set of special policies for developing the west have been formulated under the direction of the central authorities. The western region is a region where the minority nationalities live in compact communities. The prosperity of this region has a bearing on the overall situation of stability, unity, and prosperity of China.

Xizang, after the inspection of central leaders, has changed so rapidly that it is "quite beyond recognition." Provinces and cities in the coastal areas and in the hinterland have sent workers, teachers, and technical personnel to cooperate with various localities of Xizang to build factories and schools. Large numbers of key industrial buildings are rising and are changing the scenery of the roof of the world. In Xinjiang, the policy for developing the three mainstays of the local economy formulated through discussions between central leaders, local cadres, and the masses has yielded positive results. Grassland cultivation and animal husbandry are developing. The production of fruits, the technology for food preservation, the processing industry, and mining are all developing rapidly.



In 1981, Hu Yaobang visited Xishuangbanna in Yunnan. There he made friends with Zhao Cunxin, head of the Xishuangbanna Tai Autonomous Prefecture. He told him then that unity among nationalities must be strengthened in regions where minority nationalities live in compact communities. Without unity, there can be no development. In September 1985, he met Zhao Cunxin again at the National Conference of Party Delegates. Zhao Cunxin joyfully told him that in the previous few years, unity among nationalities had been greatly strengthened and production had also been greatly developed. At present, the autonomous prefecture has a population of 660,000. In 1983, the per capita income was over 160 yuan. In 1984, the per capita income reached 227 yuan and the per capita grain allocation reached over 1,100 jin. The figures were even higher in 1985. The autonomous prefecture is building hydropower stations and sugar refineries and is developing tourism. On hearing this, Hu Yaobang was very happy.

Last year, Hu Yaobang visited Yunnan again. He conducted investigation and study in Dehong and Honghe autonomous prefectures. He encouraged the local people to mine iron, gold, and coal to plant trees, to develop transportation and tourism, and to make use of various resources to increase income so that each person could increase his income by 100 yuan in one year. He urged cadres at various levels to frequently go to the masses, to discuss with them the major plan of achieving common prosperity, and to overcome difficulties together in the course of development.

Most of the places visited by General Secretary Hu Yaobang in the past few years are among the most undeveloped localities in China. Even foreigners have noticed this. At a meeting with foreign guests in Zhongnanhai in late spring 1985, a foreign friend said to him: "As far as I know, you often inspect the most undeveloped places in China and are very concerned with the development of these areas. What are China's plans for accelerating the development of these areas?" Hu Yaobang answered: "The economic development of various regions in our country is quite uneven. The eastern part along the coast is relatively more developed. The western part has many mountains and is relatively backward. Nevertheless, a favorable feature of the west is its vast territory with rich natural resources. Therefore, our policy for the western part is: First, to implement relaxed policies so that the people there can have a free hand in exploiting the resources and in bringing their favorable conditions into play. Second, to encourage them to establish ties with more developed regions and to cooperate with them on a voluntary basis for mutual benefit. Third, to reduce as much of their burden as possible by giving them appropriate financial, materials, and technological support." He predicted that large-scale development of the western part of China will be put on the agenda at the end of this century and the beginning of the next!

#### Expedite Reform in a Thorough Fashion

As if "making a discovery," an observant person said: "Please pay attention to where the central leaders go and when they go there. If you do, you will have some idea of the "mystery" of the strategic thoughts of the central authorities! People find that the following patterns seem to exist:

- Going to solve problems in places where there are many difficulties;
- Going to review the experience of the masses in places where new situations and new experience have emerged.
- Going to open up a new situation in places where work has not been effectively carried out;

-- Going to discover the real situation and to promote the implementation of major policy decision before and after such decisions have been made....

If we recall what happened in the past, we can easily see that there are some grounds for such conjectures. Shortly before and after the 14 coastal port cities were opened to the outside world, central leaders visited these cities one after another. When town and township enterprises began to spring up in China's rural areas, central leaders shuttled into the countryside in the north and south of the country. When urban reform began, they appeared in places where industry was most developed. At the end of last year, before the national rural work conference and when the 1986 Document No 1 was being formulated and polished, many central leaders left Zhongnanhai to go to units at lower levels. At that time, Premier Zhao Ziyang had just concluded his visit to four Latin American countries, but he made a 4-day inspection tour to Wenzhou in Zhejiang Province.

In Wenzhou, one of the 14 coastal cities open to the outside world, Zhao Ziyang visited the urban area, the port, and the wharves. The "Qili" wharf at Wenzhou Port is 9 kilometers long and 20,000-ton ships can berth there. The situation of reform and opening to the outside world in Wenzhou City is inspiring. Zhao Ziyang visited plants run by peasant families. Some of them produce buttons and garments. Others produce woolen jackets and other commodities. The annual output value of Wenzhou's rural family-run industry and industry linked with large enterprises had reached over 1 billion yuan. With the development of family-run industry, Wenzhou has opened up 10 specialized markets and trade in small commodities is brisk.

Zhao Ziyang visited the Qiaotou Town button market and the trade building which was under construction, using 500,000 yuan raised by the peasants in Yongjia County. He also visited the information service agency and the night fair. He praised the Wenzhou people for their ability to develop the commodity economy, appreciated their creation in the course of reform, and encouraged them to develop the production of small commodities. He said that small commodities can not only meet the needs of the people but can also have a place in the international market.

Zhao Ziyang went around the five coastal counties of Wenzhou (Chanan, Pingyang, Leqing, Yongjia, and Ruian). Eight hundred thousand people of these five counties, which accounted for 60 percent of these counties' rural labor force, had left the farmland to take jobs in industry, commerce, and service trade. In 1984, the per capita income of these five counties reached over 500 yuan and this figure was even higher in 1985. All this greatly interested Premier Zhao. Was it not a vivid picture showing the transition of the natural economy to the commodity economy in the rural areas?

Reform has brought about tremendous changes. Reform has caused millions upon millions of people to think, resulting in a creative force with the momentum of an avalanche. China's leaders have plunged themselves into the vast sea of our 1 billion people, drawn on their unlimited wisdom and strength, and now lead them in striding toward the goal of socialist modernization.

At the beginning of 1986, frantic activities were taking place behind the scenes in Zhongnanhai. The blueprint of China's development is designed here and will then be gradually turned into reality over our territory of 9.6 million square kilometers.



ECONOMIC OFFICIAL LISTS 1985 REFORM ACHIEVEMENTS

HR031532 Beijing RENMIN RIBAO in Chinese 26 Jan 86 p 2

[Article by Gao Shangquan, vice minister in charge of the State Commission for Restructuring the Economic System: "On the First Year of the First Battle"]

[Text] The year 1985 has been rung out in the course of our reforms, and we have entered the first year of the Seventh 5-Year Plan. Since the 3d Plenary Session of the 11th CPC Central Committee, the reforms in our country have been carried out for 7 years. In the first few years, rural reforms achieved remarkable successes attracting world attention, and useful explorations were made in urban reforms. After the 3d Plenary Session of the 12th CPC Central Committee, under the guidance of the "CPC Central Committee's Decision on Reform of the Economic Structure," economic reforms entered a new stage and the focus was shifted to the reform of the economic structure in cities. Over the past year, comprehensive reforms have been made in an orderly way in the aspects of the planning system, the price system, the state's economic management functions, and the labor and wage system for the purpose of making the enterprises more dynamic. At the same time, reforms of the scientific research system and the educational system have also made progress. In the countryside, the farm produce purchase system has been reformed, and positive and reasonable measures have been taken to readjust the rural economic structure. This marked the second major breakthrough in rural reforms.

Although our all-round economic structural reforms have just been underway for a short time, a good situation has been created. A series of profound and revolutionary changes have occurred in the economic operational mechanisms and management system in our country, and our national economy has entered the most vigorous and dynamic period since the founding of the PRC.

The year 1985 was the first year that marked the successes in our initial reform efforts. In our counties, both the theory and practice of reform has developed. The development of the theory of the socialist commodity economy and the double-track economic operations have brought some noticeable new trends to our country: Some multitiered and manifold horizontal economic ties have been developing rapidly and have superseded the old structure, which was characterized by separate and closed vertical economic relations on the basis of a high degree of centralization. A variety of economic forms, with the socialist public ownership form as the main body, exist simultaneously and complement each other, thus forming a pluralistic pattern of socialist ownership. With the changes in external conditions, business targets, investment orientation, distribution principles, organization, and management of the enterprises have also changed correspondingly, and the enterprises have thus become more dynamic; a socialist commodity market has taken shape, and the law of value is playing an increasingly important role in regulating production relations between supply and demand. When exercising macroeconomic control and management, the state is gradually shifting from the previous pattern of relying mainly on direct administrative control to the new pattern of relying mainly on indirect control by flexibly using the economic levers of prices, taxes, interest rates, and exchange rates; the countryside in China has been advancing along the path of developing a commodity economy in a planned way, and rural production has become more market-oriented and more socialized. The scale of commodity production oriented to external markets and the scale of commodity exchanges with the outside world have been further expanded; the broad masses have experienced the temper of the commodity economy and have acquired a better understanding of reforms and shown more enthusiastic support for reforms. Practice has fully shown that our country has smoothly moved onto the new path of developing a commodity economy in a planned way, and that prospects for our reforms are bright and broad.



At present, two types of economic operational mechanisms are simultaneously functioning in our economic life; there are two pricing systems and two types of economic management. They not only exist in a parallel way, but also overlap, thus gradually bringing about a new situation. Our reforms have also encountered some problems, which can be summarized into two main points: First, reforms in the macroeconomic field lag behind the new situation in which microeconomic activities are being enlivened. Specifically, macroeconomic factors were out of control to different degrees in the fourth quarter of 1984 and the following period, and this caused partial instability in our economic life. Second, the active microeconomic factors and the positive functions of the market mechanisms cannot be brought into normal play in some areas. Many policies and regulations laid down by the State Council for expanding enterprise decision-making power and invigorating enterprises have not been put into practice. Some enterprises, especially large and medium-sized enterprises owned by the whole nation, are still subject to excessive restrictions in their production and operations. In view of these problems, some measures were taken to strengthen overall economic control last year on the basis of carrying forward the policy of opening up to the outside world and enlivening the domestic economy. At present, the runaway economic growth rate has been brought down, the scale of credit has been brought under control, and the financial situation of the state is better than at any time in the past few years. However, we should still pay attention to some issues.

We should correctly look at problems appearing in the course of reform. First, there are two pattern changes in our country; that is the change in the development pattern and the change in the institutional pattern. These two types of changes are based on two sets of strategies and policies. They may promote each other but might also hold each other back. Fundamentally speaking, reform serves economic development, and the establishment of a new set of institutions will definitely lend great impetus to the development of productive forces. However, if we neglect the complexity and arduousness of the reforms and are eager to create an "overheated" economy, we will unavoidably cause tension and confusion in our economic life and will lose the benign economic environment and favorable social environment for reforms. Second, in the change of the institutional pattern, there will inevitably be conflicts and friction between the outgoing old system and the new system. These contradictions may, on the one hand, weaken the state's capacity of macroeconomic management; and on the other hand, the old financial, monetary, and pricing systems may, with their strong inertia, push the enterprises to seek partial and short-term interests. This is the reason for the "investment hunger disease" and the "remuneration competition disease," which have caused a macroeconomic dislocation characterized by a vicious swell of gross demand. The root cause of this problem remains at the old and ossified institutions.

Third, because we lack experience in making use of the economic levers, economic information, legal means, and administrative means as an all-round way to regulate economic operations, and because we have made some errors in our work, we have encountered some problems and should draw lessons from all this. Over the past year, we have also accumulated some valuable experience and have deepened our understanding of the relationships between reform and construction, between macroeconomic reform and microeconomic reform, between single-item reform and comprehensive reform, and between destroying the old and establishing the new in the course of building a new socialist economic model with Chinese characteristics. We are glad to see that our reform theories are full of vitality and are enriched in practice. In order to develop the planned commodity economy, we must ensure that enterprises can really function as relatively independent commodity producers and handlers that handle business on their own and bear sole responsibility for their profits and losses, must develop the socialist planned commodity market and explore the way to establish a sound market system, and must use economic means, legal means, and necessary administrative means to control and regulate economic operations.

Our economic theory has made new breakthroughs in explaining the relationships between these three major tasks in our economic reforms and in explaining the basic characteristics of the Chinese-style socialist economic structure. Meanwhile, our economists have drawn up the blueprint for reform practice by specifying the three major tasks we will carry out in reforms during the Seventh 5-Year Plan. Our future reforms of the planning, pricing, financial, monetary, labor, and wage systems will all serve the purpose of accomplishing the three major tasks. Then, we will form a whole set of mechanisms and means to organically combine plans with market forces and to ensure both dynamic microeconomic activities and effective macroeconomic management. By fulfilling those tasks, we will succeed in creating the embryonic form of the new economic structure.

According to the main reform tasks in the Seventh 5-Year Plan, our general guideline for reform in 1986 is to consolidate the achievements of reform and to make good preparations for taking a major step forward in 1987. There are two main tasks for our reform work this year:

First, we will consolidate, digest, add to, and improve the reform results that we have achieved so as to give play to the advantages, overcome the defects, settle some prominent problems, and bring about better results. In the microeconomic field, we will mainly reorganize the companies which are performing administrative functions, readjust and reduce regulatory taxes for some enterprises, lighten the social burdens on the enterprises, narrow the scope of mandatory plans so as to ensure the effective implementation of the State Council's policies and regulations on expanding the management decision-making power of the enterprises and to provide better external conditions for invigorating the enterprises, especially the large and medium-sized state-owned enterprises. Inside the enterprises, all types of economic contract responsibility systems should be further improved, and the wage system should be gradually reformed. The unreasonable distribution of incomes between different enterprises and between workers should be readjusted. Measures should be taken to prevent the swelling of consumption funds caused by enterprises' competition in raising wages. This is an important issue that must be solved in regulating the relationship between macroeconomic management and the enlivening of microeconomic activities.

It is necessary to further use the means of policies to develop horizontal combinations between enterprises on the basis of mutual benefit and voluntary participation so as to gradually form enterprise groups of different sizes with varying content on different levels. The development of horizontal economic ties will also help rationalize the organizational structure of the enterprises and the industrial structure as a whole and will thus promote economic restructuring by changing the previous structure, which was composed of separate vertical relations with set barriers between different departments and areas. In the macroeconomic field, we must strictly control the general scale of investment in fixed assets and further readjust the investment structure. Macroeconomic control must be strengthened and improved. Demand should be held down and supply should be increased. All types of economic levers should be used to carry out indirect macroeconomic management. We will further readjust and improve our financial and taxation policies. At the same time, we will correctly employ monetary policy and industrial policy to readjust the general demand structure and enterprise activities. We will actively develop the market for capital goods. The state will monopolize the transactions of some major capital goods and will control the general price level for capital goods. We will encourage the transfer of funds on the basis of mutual benefit and the compensable transfer of technologies, and will explore ways to develop multi-tiered financial markets, technology markets, and labor service markets. The positive role of the market mechanism should be brought into play so as to smooth out economic relations and to create some general, equal conditions for all types of enterprises to join business competition. This will promote the steady and balanced development of the economy.



Second, we will seriously study all reform schemes favorable to effective macroeconomic management and to the enlivening of microeconomic activities, favorable to the enhancement of the enterprise and social economic results, and favorable to the maintenance of the general equilibrium between supply and demand. We will actively and steadily pursue exploration and experiment and will make good preparations for taking important reform steps in the future. Feasibility studies of some reform schemes will be made, and experiments within these reform schemes will be carried out in some cities and enterprises. Through experiments, we will create and accumulate new experience for reform.

PLA DEPUTY CHIEF OF STAFF HE QIZHONG INTERVIEWED

HK031146 Beijing ZHONGGUO XINWEN SHE in Chinese 0317 GMT 28 Jan 86

[Report by Li Wei: "He Comes From the Battlefields -- An Interview with He Qizhong, Deputy Chief of Staff of the PLA"]

[Text] Beijing, 28 Jan (ZHONGGUO XINWEN SHE) -- "He is full of vigor and supported by the veteran comrades. Being very modest, he has quickly familiarized himself with the situation, and he has done well in his work." Han Huaizhi, assistant to the chief of staff of the PLA, who is over 60, made these remarks commending his 43-year-old colleague -- the newly-appointed Deputy Chief of Staff He Qizhong, who made an even deeper impression of being straightforward, amiable, and easy to approach when interviewed by this reporter.

A native of Yingshan County, eastern Sichuan, He Qizhong is the youngest high-ranking commander in the Army. He enrolled in the Army in 1961 while studying at the Chengdu secondary technical school, realizing his dream to become a "soldier," which he began to cherish during childhood. A year later, he took part in the self-defense counterattacks in the eastern section of the Sino-Indian border (the Walong Area), acting as a bodyguard for the then divisional commander. Subsequently, he became a platoon leader and held this position for 4 years. He was a staff officer of an Army organ for 11 years. He returned to the front in 1978 and participated in the self-defense counterattacks against Vietnamese aggression on the Yunnan border the next year. At that time he was already a deputy regimental commander and chief of staff. As a regimental commander, he entered the PLA Military Academy in 1980 and studied there for 2 years. After leaving the military academy, he went back to the southwestern Army units and was appointed divisional chief of staff and divisional commander. While he was a deputy Army commander, he commanded the well-known self-defense counterattacks against Vietnamese aggression in Zheyun Shan in April 1984. Soon afterwards, he was promoted to Army commander. In March last year, he was transferred to the General Staff headquarters.

In his office, which is not big, the reporter asked him about the deepest impression he had gained in his 20-year military career. "Nothing has been more impressive than the self-defense counterattacks on the Sino-Indian border," he said, with a strong native accent. "The scenes of combat still remain fresh in my memory. The counterattacks helped me understand about conventional warfare, how to use tactics, and how to cherish love for the soldiers. They served as a basic lesson for my command work in the two self-defense counterattacks against Vietnamese aggression." It was reported that in half a day during an operation he commanded in 1979, his soldiers annihilated some 200 Vietnamese aggressors and wounded about 40 to 50 others. A breakthrough was made under his command in 9 minutes, leaving only three of his soldiers injured.



"The most prominent experience I have had since my arrival in the headquarters is the trust, help, and democratic style of the senior officers. Three days after my appointment, I took part in a Standing Committee meeting of the Central Military Commission. Vice Chairman Yang Shangkun wanted me to speak on the situation in the Army. Not long after this, Chief of Staff Yang Dezhi let me chair a meeting on Army structural reform, streamlining, and reorganization. All this made me feel that I lack knowledge and must study hard and learn from our veteran comrades so as to live up to their expectations."

During the interview, this reporter learned that reading books is an important component of He Qizhong's study. He likes to read military books, modern and ancient, Chinese and foreign. He is more interested in reading memoirs written by PLA soldiers and famous foreign generals. He enjoys reading magazines on modern military equipment and technology very much. He has read the book "Effective Administrator" written by a Chinese-American, three times and has found quite a number of convincing arguments in it. He has also read two books concerning experiences in the Korean war. He has studied time and again the self-defense counterattacks against Vietnamese aggression.

This reporter noticed that this high-ranking military officer referred to the word "opportunity" several times during the interview. He said that from his participation in several battles through the years of peace to his appointment as a leader in the General Staff headquarters there were opportunities. "There are many Army cadres whose qualifications are the same as or higher than mine, but I had the opportunity."

Of the four deputy chiefs of staff, He Qizhong takes partial charge of the work concerning Army organization and equipment. He told this reporter: Last year was the first year in which the Central Military Commission's plan for Army structural reform, streamlining, and reorganization began to be implemented. The tasks of readjusting the Army's high-level leading groups, merging large military regions, and reorganizing field armies into group armies were fulfilled as scheduled, step by step, and in an appropriate manner. The work of reducing the number of soldiers by 1 million has started smoothly. The military officer service regulations, which have an important bearing on the reform of the Army cadre system, have been formulated and will be submitted to the NPC Standing Committee for examination after being discussed by the Central Military Commission. These major reforms have reduced leadership levels, strengthened the combination of various arms and services, and further improved the Army's weaponry and quick-response ability, thus enhancing its combat effectiveness under modern conditions.

Question: "What reforms will be carried out this year?"

Answer: "We will streamline and reorganize the military academies, the logistics supply system, and people's armed forces departments at the county level. It is expected that all this will be completed by the end of this year."

Question: "How do you appraise the combat effectiveness of the Chinese Army?"

Answer: "There should be a comparison. Our Army's combat effectiveness has greatly improved in comparison with that during the Korean war. If any country dares to impose an aggressive war on us, we can say that we will win the final victory."

Question: "What efforts will the Army make to speed the modernization of its equipment as soon as possible?"

He Qizhong answered frankly: "We will aim at advanced world levels and strengthen our scientific research." "Equipment and talented people are two key problems in our Army's construction during peacetime. Since the 3d Plenary Session of the 11th CPC Central Committee in 1979, the Army has made great improvements in designing and producing weapons, and it has introduced more and more computers to the fields of calculation, control, display, radio navigation, processing, and surveying. Renewal of military equipment is gradually taking place. This is the best period since the founding of new China. As our military spending is limited, we will concentrate our material and human resources on the research and manufacture of new weapons. We are convinced that after 1990, we will make great progress in renewing the Army's weaponry."

The time for the interview passed during our free conversation and 90 minutes had gone without our knowing it.

It is little embarrassing to inquire about the personal background of a high-ranking officer. However, at the end of the interview, this reporter told He about the rumor that he was the son of He Changgong, a veteran cadre. Hearing this, He Qizhong replied, laughingly: "My father was a cook in a county before and after liberation, and my mother did laundry for others before liberation. Both of them died 10 years ago. I was the only son in the family and decided to join the Army on my own. I reported this to my parents only after I had enrolled myself in the Army."

#### REGULATIONS ISSUED ON SCIENTIFIC RESEARCH FUNDING

OW050513 Beijing XINHUA Domestic Service in Chinese 0827 GMT 4 Feb 86

[Text] Beijing, 4 Feb (XINHUA) -- The State Council recently promulgated provisional regulations concerning supervision of scientific and technological appropriations. The purpose of the regulations is to strengthen macroscopic supervision of funds for science and technology; use scientific and technological appropriations in a rational and effective way; orient scientific and technological work to economic construction; form a rational disposition over the depth and breadth of scientific research; and ensure the implementation of state scientific and technological plans.

According to the regulations, the Finance Ministry will, beginning from the Seventh 5-Year Plan, cooperate with the State Planning Commission in arranging central financial outlays for scientific and technological funds in the three areas (funds for subsidizing intermediate tests, trial manufacture of new products, and major scientific research institutes on the basis of the principle that the growth of appropriations for scientific and technological funds is faster than the rate of increase of regular state revenue.

The regulations say: A department, province, autonomous region, or municipality in charge of a major scientific and technological project listed in the state plan will cooperate with the State Education Commission, the Chinese Academy of Sciences, and other departments concerned in sponsoring nationwide public bidding for the project. It must ensure that all units entering the bidding are given equal opportunity and that the quality of the project meets state plan requirements. A department, province, autonomous region, or municipality in charge of such projects should take immediate action to sample the bidding on selected projects in order to accumulate experience as quickly as possible. Supervision of these projects should be on a contractual basis. Funds for scientific and technological research in the three areas and other scientific and technological appropriations can be used free of charge or repaid according to the projected economic efficiency of the project and its ability to repay the funds.

The bank entrusted by the department, province, autonomous region, or municipality in charge of a project will monitor expenditures for the project and will undertake the responsibility of collecting funds according to the contract. Half of the collected funds will be delivered to the state treasury. The other half will be retained by the department, province, autonomous region, or municipality for continuing major state scientific and technological projects; it will not be subtracted from funds to be appropriated under the state plan.

The regulations clearly state: Beginning this year, funds allocated by the Finance Ministry for operating expenses of research institutes under State Council departments will be managed by the State Science and Technology Commission.

The regulations stipulate plans for managing operating expenses of various research institutes. Operating expenses will be gradually reduced, or completely or basically withdrawn, for research institutes working mainly on technological development and applied research projects with immediate foreseeable benefits during the Seventh 5-Year Plan. Institutes concentrating on basic research or applied research projects with no immediate practical benefits will have to apply for grants, while the state will continue to guarantee a certain amount of funds only for those operating expenses necessary to cover regular activities and to support approved auxiliary facilities. Research institutes involved in medicine and public health, labor protection, family planning, prevention and control of disasters, environmental sciences, and other social services; or engaged in basic technical information, standardization, meteorology, and observation, as well as agricultural sciences, will continue to receive funds from the state and will be held responsible for covering operating expenses with funds appropriated by the state.

Units engaged in more than one kind of research work may obtain operating funds through more than one channel, according to specific conditions. Of the operating expenses for research work saved by a scientific research unit, two-thirds should be used by the State Council department concerned to support technological work in the respective trade and to finance major scientific research projects of the state, and one-third should be used by the State Science and Technology Commission as national science and technology credit trust funds and as funds for interest on loans for scientific and technological projects.

Where a nationally oriented technological development fund has been established for a particular trade, all operating expenses saved by units of the same trade should be submitted to the competent authorities concerned for financing that technological development fund. Expenses required by the State Education Commission and the Chinese Academy of Sciences to build laboratories open to the whole country may be met by appropriations from the one-third portion of the savings in scientific research expenses submitted to the State Science and Technology Commission.

In addition, the regulations stipulate that capital construction investment of scientific research units in various fields should be governed by state rules on control of capital construction. Separation pay and retirement pension for those who have been discharged and those who have retired from scientific research units should be disbursed from their scientific research operating funds and should not be reduced. Those units no longer receiving appropriations for scientific research operating funds should continue to give their separated employees and retirees separation pay and retirement pensions. For scientific and technological research projects undertaken by scientific research units and institutions of higher learning at the request of various enterprises, expenses should be met by the enterprises concerned.



ATTITUDES OF SANITATION WORKERS PRAISED

HK040828 Beijing RENMIN RIBAO in Chinese 28 Jan 86 p 1

[Commentator's article: "The Most Honorable Quality of the Working Class"]

[Text] Money and comfortable surroundings are very tempting. However, 52 workers of the Guangzhou garbage disposal plant are not tempted. There is something more attractive than money and comfortable surroundings at their plant. The plant is responsible for arduous jobs, and these jobs are dirty, stinking, heavy, and tiring. What is more important than money and comfortable surroundings is nothing other than the people's happiness. "I am willing to do dirty work so that thousands of people can live healthily." "Work for the cleanliness of the city and work to benefit the people."

Comrades of the Guangzhou garbage disposal plant have made a correct choice between the happiness of the broad masses of people and personal comfort. This choice is a manifestation of being imbued with lofty ideals. The party organizations of this plant are firm and strong, and the leading cadres are imbued with lofty ideals. They have inspired the plant's workers with their own actions and have united them by means of good examples, education, and care in every possible way. All party organizations and leading comrades on various fronts can learn from them what we need most at present.

In the 1950's, there were a number of model workers with Shi Chuanxiang as their representative. They were "willing to do dirty work so that thousands of people could live healthily." They were respected by all the people of the country. Today, we have similar workers at the Guangzhou garbage disposal plant. Their actions show: what is most valuable and worthy of seeking in this world is not money or anything bought with money, but the interests of the people and the country. Their actions also show: so long as we are imbued with the spirit of dedicating ourselves to the people, we can make unusual accomplishments at any ordinary post.

It is matter for rejoicing that since the 1950's, what is most brilliant in the quality of the working class of our country has been passed on from generation to generation. We should value this good tradition and carry it forward under new historical conditions, love our own work, and work diligently in a down-to-earth manner for the growing prosperity of the country and for greater happiness of the people.

Comrades of the Guangzhou garbage disposal plant, the people of the whole country salute you!

FOREIGN EXCHANGE SHORTAGE SEEN LASTING LONG TIME

HK030922 Beijing ZHONGGUO XINWEN SHE in Chinese 0650 GMT 29 Jan 86

[Text] Beijing, 29 Jan (ZHONGGUO XINWEN SHE) -- Today a senior official of the State Administration of Exchange Control told this reporter that China's foreign exchange shortage would last for a quite long time. During the Seventh 5-Year Plan period, the limited foreign exchange should be used in projects capable of boosting exports and increasing the ability to gain foreign exchange earnings, imports of badly needed technology and equipment, and in personnel training.

The official said: In the years ahead, China's foreign exchange will remain strained. The reason behind this state of affairs is that during the Seventh 5-Year Plan period, the construction of energy and transportation projects, ports, and infrastructural facilities will be stepped up, and technological transformation will be carried out in old enterprises.

This requires large quantities of foreign exchange funds. In addition, although big advances have been made in China's export trade over the last few years, strenuous efforts are still needed to expand exports by a wide margin and to gain more foreign exchange earnings. Some export products are less price competitive on the international market and apt to be affected by price fluctuations on the international market and by trade protectionism.

He pointed out: Misuse of a portion of foreign exchange funds is also attributed to the country's excessive demand on foreign exchange. For some time in the past, a considerable portion of foreign exchange funds has been wasted in buying cars, durable consumer goods, and large amounts of spare parts and components, which were assembled or resold on the domestic market. Foreign exchange funds were used on a one-time consumption basis, and their use was not combined with earnings more foreign exchange. Such being the case, our foreign exchange reserves would be used up no matter how much we have. We must always bear this lesson in mind in the future.

In discussing the solutions to the foreign exchange shortage, the official said: Two things must be done with great effort. One is that efforts should be made to boost exports, to enhance the ability to earn foreign exchange through exports, and to increase the income in foreign exchange from nontrade businesses, such as tourism. The other is that it is necessary to economize on the use of foreign exchange and to reduce expenditures. During the Seventh 5-Year Plan period, it is still necessary to borrow an appropriate amount of foreign capital funds so as to make up for the country's shortage of foreign exchange.

#### RURAL PARTY RECTIFICATION BOOK TO BE PUBLISHED

OWO41351 Beijing XINHUA Domestic Service in Chinese 0910 GMT 1 Feb 86

[Text] Beijing, 4 Feb (XINHUA) -- A book entitled "Questions and Answers on Party Rectification in the Rural Areas" ["Nongcun Zhengdang Wenda"] will soon be published by the Hongqi Publishing House. It contains dozens of questions arranged in the same sequence of the 10 questions listed in the circular on party rectification in the rural areas issued by the Central Commission for Guiding Party Rectification. On the basis of combining theory with practice, it provides explanations and answers in plain and lucid language about questions concerning guiding thoughts, basic principles and policies, and basic methods and steps to be taken for current party rectification in rural areas as well as other matters calling for attention in the course of party rectification. It will prove to be a fairly good book of study materials for the party members in the rural areas.

The book is compiled and written by Dai Zhou of the Propaganda Bureau of the Propaganda Department under the CPC Central Committee and Kang Nengcheng of the Organization Bureau of the Organization Department under the CPC Central Committee. Du Runsheng, member of the Central Advisory Commission and Director of the Rural Policy Research Center of the Central Secretariat, inscribed the title of the book.

#### TELEVISION, THEATERS PLAN FOR SPRING FESTIVAL

OWO41107 Beijing XINHUA in English 1030 GMT 4 Feb 86

[Text] Beijing, February 4 (XINHUA) -- Television stations, cinemas and theatres in Beijing and throughout the country have arranged colorful and interesting programs for Spring Festival, which is new year in the lunar calendar and the most important traditional festival of the year in China.

On the festival eve, which falls February 8, China's Central Television Station (CCTV) will air nationwide a four-hour celebration with 100 singers, dancers, acrobats, conjurers and other performers. The artists will usher in the new year at midnight together with hundreds of millions of TV viewers. CCTV said it has taken four months to prepare for this evening of live entertainment.

During the festival period which lasts four days, a number of TV plays will be shown by CCTV and more by local television stations. These include "A Pilgrimage to the West" and "Li Kui", two adaptations from classical Chinese literature.

Cinema buffs will have their choice of 13 new films, among which "A Fascinating Band" and "Our Ex-Serviceman", have been praised by critics for their truthful reflection of the country's rural economic reform. "Juvenile Delinquents", the country's first film dealing with efforts to reform young offenders through education and labor is another new release and "Pretty A Ping", is a comedy about a charming young lady.

Traditional activities, such as flower shows, lantern festivals and temple fairs are being held all over the country. These are especially popular in the rural areas. In Beijing, 50 art troupes will give concerts, song and dance evenings, dramas and puppet shows. Teams from seven Beijing art troupes will give performances in factories, mines and suburban areas to entertain workers and peasants.

#### PROPORTION OF URBAN POPULATION TO DOUBLE

OW041055 Beijing XINHUA in English 0820 GMT 4 Feb 86

[Text] Kunming, February 4 (XINHUA) -- The proportion of urban to total population in China is expected to double the present figure of 20.6 percent by the turn of the century, according to an academic forum which just closed in this capital of Yunnan Province. A paper contributed by the Population Research Institute of Nankai University in Tianjin said the pace of urbanization in China has speeded up since 1982. During the period from 1949 to 1982, the increase rate of urban population was lower than the average for developing countries.

To cope with the situation, the institute put forward a long-term strategy advocating strict control of the growth of large cities while developing medium-sized and small ones. At the forum, scholars from 20 research institutes contributed papers on the physical conditions of children in Shanghai and environmental factors affecting the health of workers, among others. Research into demographics began only a few years ago in China, which has a population of one billion. Now there are 38 university-run research units with more than 400 specialists.

The United Nations Fund for Population Activities gave China funds to aid research in 12 areas, including urban congestion, and studies of the aged and women and death rates. Research institutes attached to the People's University in Beijing and Nankai University and Shanghai's Fudan University have agreed to jointly study population in the country's largest cities -- Beijing, Tianjin and Shanghai.



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CHINA  
PRC NATIONAL AFFAIRS

XI ZHONGXUN, OTHERS AT BEIJING TEA PARTY

OW050002 Beijing XINHUA Domestic Service in Chinese 1130 GMT 4 Feb 86

[By reporter Zou Aiguo]

[Excerpt] Beijing, 4 Feb (XINHUA) -- At a Spring Festival tea party held this morning for widows of CPPCC members and noted personages, Yang Jingren, vice chairman of the CPPCC National Committee, said: "Whenever we celebrate a great accomplishment, we cannot but recall and esteem the revolutionaries of the old generation and people with lofty ideals of various nationalities in various circles who contributed to the cause of liberation, unity, and prosperity of our motherland as recorded in the history of the Chinese nation. Stories of their meritorious deeds are not only remembered by their contemporaries but will also encourage our descendants forever and will be passed on from generation to generation as a precious spiritual asset of the Chinese nation." Over 100 elder sisters attended this tea party and heard Yang Jingren's emotional remark.

At the tea party Xi Zhongxun, Hao Jianxiu, Yang Jingren, Liu Lantao, Cheng Zihua, Kang Keqing, Qian Changzhao, Yang Chengwu, Chen Zaidao, Lu Zhengcao, Burhan Shahidi, Fei Xiaotong, and Ma Wenrui sat with the elder sisters around a table. They chatted happily and exchanged festive greetings with each other. Deng Yingchao, chairman of the CPPCC National Committee, asked Yang Zhengmin, deputy secretary-general of the committee, to extend regards on her behalf to the elder sisters at the tea party. Xi Zhongxun and Hao Jianxiu wished the elder sisters a happy new year and good health, as well as continued happiness for their family members.

MILITARY LEADERS VIEW NANJING PHOTO EXHIBITION

OW050644 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 4 Feb 86

[Text] A photo exhibition on the war of resistance against Japanese aggression and the war of liberation in central China opened in Nanjing today. The exhibition was jointly sponsored by the Political and Cultural Departments of the Nanjing Military Region, the committee for photo exhibition on war history in central China, and the photographers association in Jiangsu Province.

Leading Comrades Yang Shangkun, Chen Pixian, and Zhang Aiping wrote inscriptions for the exhibition. Xiang Shouzhi, commander, and Fu Kuiqing, political commissar of the Nanjing Military Region; and Du Ping, member of the Central Advisory Commission, attended today's opening ceremony.

A total of 287 historical photos exhibited -- valuable pictures preserved during the war-ridden years and the decade of turmoil -- vividly and truthfully presented before our eyes the glorious achievements of the soldiers, and the people in central China in fighting for the liberation of the Chinese people during the war of resistance against Japanese aggression and the war of liberation, under the leadership of the CPC.

WAN LI, OTHERS VISIT BEIJING SCHOOLS, TEACHERS

OW050134 Beijing XINHUA Domestic Service in Chinese 1242 GMT 4 Feb 86

[Text] Beijing, 4 Feb (XINHUA) -- Wan Li, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, visited some university, middle, and primary schools and kindergarten teachers in Beijing on 1 and 3 February.

Comrade Wan Li hoped that the work of educational reform in the capital would be carried out successfully and expedite the training of more and still better personnel.

At Beijing Polytechnic University, Wan Li heard a detailed report on educational reform by Fan Gongxiao, president of the university, and saw some models depicting the university's development program and an exhibition showing its accomplishments in scientific research. He also inquired about the university's specialties and departments, the quality of teaching, and other subjects. When briefed on the increase in the university's income resulting from its scientific research and production work and the use of this additional income for educational reform, Wan Li said: Economically, government departments at various levels should consider ways to give more to schools rather than how to receive more from them. What government departments should receive from schools is qualified, highly competent people. Preferential treatment may be given, as appropriate, in levying tax on schools' additional income from their scientific research and production work.

Wan Li said to leading cadres of the Beijing Polytechnic University: "Now, among the schools in our country, secondary specialized schools account for only a relatively small proportion; that is, our educational structure is very irrational. You should help train teachers for secondary specialized schools and pay particular attention to assisting normal schools in improving teachers' quality. This is also of fundamental importance to you. If a university is to raise its educational level, it should enroll students from among outstanding middle school graduates. To provide outstanding graduates, middle schools need good teachers. The improvement of the quality of middle school teachers requires assistance from universities. Because of this, it is your duty to strive hard to help improve the quality of primary and middle school teachers." In addition, Wan Li pointed out: Beijing is the capital. It should be ahead of others in every field of work, and higher education is no exception. The establishment of specialties and departments in a university should meet societal needs and should keep up with the international level. Schools should be run with their doors open. They may take the initiative to establish connections with scientific research departments and enterprises so as to promptly absorb new research and production achievements to enrich their curricula. They should also make every effort to improve the quality of education. In reforming the systems of enrollment of new students and placement of graduates, they may make even bigger strides. Besides, connection may be established with enterprises or suburban counties so as to help train qualified personnel for them according to their specific needs. In that case, the school is not required to guarantee jobs for graduates, because they will return to their original enterprises or suburban counties.

On the morning of 1 February, Comrade Wan Li braved bitter cold to call at the homes of some teachers of primary and middle schools and kindergartens in Beijing's Chaoyang and Xicheng Districts. He chatted cordially with them and inquired in detail about their work, income, and housing.

Wan Li said: "The quality of primary and middle school teachers is a major factor determining the quality of our people. The work of building the two civilizations should begin with kindergarten education, and this requires good teachers." Comrade Wan Li also visited the teachers' new residences. After being briefed by a responsible comrade of the Chaoyang District government on proposal to be carried out in the Seventh 5-Year Plan period for solving the teachers' housing problem, Wan Li was very pleased. It is his hope that teachers' housing problem be solved as soon as possible. Only when teachers have a good home can they make good preparations for teaching in the classroom and keep their minds on their work, he said.

Comrade Wan Li visited 90-year-old Dong Yuzhen, a retired director of Shuguang Kindergarten in Xicheng District, and extended cordial regards to her. Wan Li said to her: "You have cultivated many, many children. This is your great contribution to the country."

Li Ximing, Chen Xitong, and other responsible comrades of Beijing Municipality accompanied Comrade Wan Li in paying visits and extending regards to the teachers of universities, middle and primary schools, and kindergartens and took part in discussions with them.

HAO JIANXIU AT BEIJING ADVANCED WORKERS MEETING

OW040945 Beijing XINHUA Domestic Service in Chinese 0315 GMT 4 Feb 86

[Text] Beijing, 4 Feb (XINHUA) -- Hao Jianxiu, member of the CPC Central Secretariat, yesterday extended greetings to advanced and model workers of the capital's public transport, finance and trade, environmental sanitation, and posts and telecommunications departments. She said: Workers and staff in these four fields deserve the people's respect for their diligent and dedicated services to other people and society, services bringing convenience and happiness to the people.

Twenty-five advanced and model workers representing the public transport, finance and trade, environmental sanitation, and posts and telecommunications departments in the capital attended a discussion meeting held in the Great Hall of the People by the All-China Federation of Trade Unions, the CYL Central Committee, and the National Women's Federation. Present at the meeting, in addition to Hao Jianxiu, were Luo Gan, Song Defu, Zhang Guoying, and Jin Jian, responsible persons of the All-China Federation of Trade Unions, the CYL Central Committee, the National Women's Federation, and Beijing Municipality.

The advanced and model workers attending the meeting reported on the work they did and talked freely about their attitudes on life and work and about their ideals. Hao Jianxiu highly praised their work attitude and achievements. She said: "By performing your deeds, you have displayed the following kinds of spirit. First, the spirit of responsibility by serving the people wholeheartedly, meticulously, and conscientiously. Second, the spirit of dedication by giving no thought to personal fame and profit, position, gain, or loss. Third, the spirit of exertion by quietly immersing yourselves in hard work and serving in a down-to-earth manner at your regular work posts." She urged them to make new and greater contributions in the new year in building socialist material and spiritual civilization.



FUJIAN'S HU PING ADDRESSES FESTIVAL MEETING

OW011110 Fuzhou FUJIAN RIBAO in Chinese 22 Jan 86 p 1

[Text] A grand meeting was held at the provincial gymnasium yesterday evening by servicemen and civilians to support the Army and give preferential treatment to dependents of soldiers and revolutionary martyrs and to support the government and cherish the people during the Spring Festival of 1986.

Attending the meeting were leading comrades of the PLA units stationed in Fujian and veteran comrades, including Yan Hong, Lu Sheng, Zhu Yaohua, Zhao Huaqing, Liu Bo, Zhang Zongde, Jin Gong, and Hu Junkang; provincial and city leading comrades including Xiang Nan, Hu Ping, Hu Hong, Cheng Xu, Chen Xizhong, and Yuan Qitong; and other veteran comrades including Wei Jinshui, Wu Hongxiang, Jia Jiumin, and He Minxue. The meeting was presided over by Fuzhou Mayor Hong Yongshi.

Governor Hu Ping and Fujian Provincial Military District Commander Zhang Zongde addressed the meeting respectively. Comrade Hu Ping spoke first. On behalf of the Fujian Provincial CPC Committee, the provincial government, and the people throughout the province, he extended cordial regards and best wishes to the commanders and fighters of the units stationed in Fujian, the cadres and policemen of Fujian's Armed Police Corps, dependents of soldiers and revolutionary martyrs, disabled soldiers and ex-servicemen, and demobilized and retired military cadres.

Hu Ping said: In the past year, the soldiers and people in our province, guided by the party Central Committee's correct principles, have scored marked results in advancing by strengthening their unity and working hard. With the consolidation of political unity and stability, the national economy is undergoing a rapid, sustained, stable, and balanced growth. The achievements scored on the various fronts in our province would not have been possible without the support of our fraternal soldiers. While promoting their revolutionization, modernization, and regularization, defending the motherland, and carrying out reduction-in-force reorganization, the units stationed in Fujian have also made important contributions to vigorously aiding industrial and agricultural production in various localities, to combating natural disasters and rescuing victims, to maintaining social order, and to advancing the joint building of spiritual and material civilizations. Like the PLA, the People's Armed Police have contributed to building the two civilizations while strengthening themselves organizationally and doing a good job in maintaining social order.

Hu Ping said: This year is the first year of our Seventh 5-Year Plan. We must firmly carry out the line, principles, and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee and, following the guidance of the party Central Committee, make further efforts to build a socialist spiritual civilization while doing a good job in building a material civilization. We will abide by the circular of the CPC Central Committee and State Council on respecting and cherishing the Army and actively supporting military reforms and Army building, extensively publicize the PLA's noble ideology and revolutionary heroism, continue to cherish and support our fraternal soldiers, and earnestly carry out the policy of giving special care to disabled servicemen and to dependents of revolutionary martyrs and servicemen and the policy of resettling demobilized soldiers. We will strive to do a better job in resettling demobilized soldiers and in supporting soldiers at the front and to do all we can to help the Army successfully carry out its task of reduction-in-force reorganization.

In conclusion, Hu Ping called on the soldiers and people throughout the province to strengthen unity, carry out the spirit of surmounting difficulties, combine their wisdom and efforts in advancing together, and strive to fulfill the Seventh 5-Year Plan.

In this way we will be able to achieve a fundamental turn for the better in party work style and social conduct, make Fujian a leading province in the four modernizations drive, and realize the grand goal of socialist modernization in China.

On behalf of the commanders and fighters of the units stationed in Fujian, the provincial military district Command Zhang Zongde extended best wishes and festival greetings to the provincial CPC Committee, the provincial government, and the people throughout the province. He said: In the past year, the units stationed in Fujian, acting upon the strategic decisions and arrangements of the party Central Committee and the Central Military Commission on Army building in the new period, have successfully carried out party rectification at the Army and division levels, structural reforms and reduction-in-force reorganization, and strengthened political-ideological work with the emphasis on ideals and discipline. The units have also scored marked achievements in strengthening combat readiness, education and training, helping militiamen carry out their reserve duties, training personnel for both military and civilian work, and engaging in agricultural and sideline production. These achievements were closely linked to the concern and vigorous support of the party committees and governments at all levels and of the people throughout the province.

Zhang Zongde said: In the new situation we will strengthen the ties between the Army and the government and between the Army and the people; strengthen the unity between them; vigorously promote the joint building of spiritual and material civilizations by soldiers and civilians; organize military units and the militia to actively support and participate in socialist economic construction in various localities; and strive to contribute to making Fujian a leading province in the four modernizations drive, to fulfilling the Seventh 5-Year Plan, and to achieving the peaceful reunification of the motherland at an early date.

A movie was shown after the meeting.

#### FUJIAN LEADERS ADDRESS PARTY CADRES CONFERENCE

OWO21143 Fuzhou FUJIAN RIBAO in Chinese 21 Jan 86 p 1

[Excerpts] A conference of prefectural, city, and county party secretaries, which was called by the provincial party committee, closed on 20 January. Comrade Xiang Nan made a summing-up speech and Comrade Hu Ping spoke on the current economic work at the general meeting held on the morning of 20 January.

During the 6-day conference, which was opened on 15 January, participants earnestly studied the guidelines of the central conference on rural work and the meetings of cadres of central organs, heard speeches by leading comrades of the provincial party committee, and discussed questions on improving party style and successfully carrying out party rectification in rural areas.

In his speech, Comrade Xiang Na stressed the importance of taking a firm grip on the economic work as the central task. He said: Economic work is the foundation and focus of work in all fields. Developing the socialist forces of production is our central task, and work in all other fields should be centered on this task. He said: The main objective of the current conference is to study agriculture. As Fujian has a relatively weak foundation in agriculture, we should build up our strength in this field from now on.

Comrade Xiang Nan called on leading comrades at all levels to pay particular attention to raising economic efficiency and increasing exports to earn more foreign exchange.

He said: In raising economic efficiency, it is necessary to concentrate efforts on improving product quality, lowering material consumption, shortening the period for circulating funds, and increasing profits and revenues. Comrade Xiang Nan said: In striving to earn more foreign exchange this year, it is necessary to turn out more traditional goods, new products, aquatic produce, fruits, and electrical and mechanical engineering commodities. Vigorous efforts should also be made to build a number of enterprises and centers for producing export commodities and to upgrade product quality to meet the needs of the world market.

Comrade Xiang Nan pointed out: We must combine economic work with the building of socialist spiritual civilization. He said: We must build and achieve fruitful results in both material and spiritual civilization this year. As a province open to the outside world, Fujian should attach special importance to building spiritual civilization.

In conclusion, Comrade Xiang Nan stressed: The general demand for the work of this year is to place reform above anything else; continue to persistently carry out the policies of making reforms, opening to the outside world, and enlivening the domestic economy; and pay keen attention to building the two civilizations simultaneously and achieving fruitful results in both material and spiritual aspects. He said: As our economic structural reform is still in the initial stage, problems in the course of reform are unavoidable and normal. Although great achievements have been made in restructuring the province's rural industrial facilities, we should never slacken our efforts at grain production, allocation, and transportation. Moreover, prudent and reliable measures should be taken to steadfastly restructure rural industrial facilities. Comrade Xiang Nan urged leading cadres at all levels not to become timid and overcautious or even assume a passive attitude toward everything because of problems that have cropped up in work. They should realistically summarize experiences, adopt a positive attitude in drawing lessons, enhance confidence in the reform, further emancipate their thinking, boldly explore new ways of doing things, and display the spirit of the foolish old man in order to successfully build the two civilizations in our province.

In his speech, Comrade Hu Ping pointed out: Developing the commodity economy should be the center of the many tasks of rural work. This is a long-term strategic task and the only way to achieve agricultural modernization. All work in rural areas should be focused on this task. He called on leaders at all levels to familiarize themselves with the concept of commodity production and apply it to guiding the development of the rural economy as a whole.

Comrade Hu Ping said: It is necessary to vigorously enliven circulation. Due to backward transportation, inefficient management and service, and problems in policies, circulation channels are clogged. He called on all localities to pool funds to set up a multichannel transportation system and not to rely on state appropriations alone.

Stressing the importance of increasing agricultural investment and improving agricultural production conditions for building up strength for agriculture, Hu Ping said: All trades and professions should vigorously support agriculture. Industrial enterprises using farm and subsidiary products as raw materials should make special efforts to support agriculture.

Hu Ping also stressed the importance of grain production. He said: In northern Fujian, the first-rate labor force is engaged in trading, the second-rate labor force in setting up enterprises, the third-rate labor force in contracting cash crops, and the bottom-rate labor force, including old, weak, and sick people, in growing grain. How can we allow this to happen?



It is impossible to increase grain output and speed up the pace of agricultural modernization if we have an old, weak, and sick labor force growing grain crops. Doing a good job in grain production should be the basis for developing the rural commodity economy throughout the province. Leaders at all levels should keep a cool head and should never slacken vigilance on this matter so that a bumper grain harvest may be reaped this year.

#### HAN PEIXIN ADDRESSES JIANGSU PLA MEETING

OW310450 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 29 Jan 86

[Text] On the evening of 29 January, the Jiangsu Military District held a forum to greet the forthcoming Spring Festival. Leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, and the Jiangsu Military District happily joined the commanders and fighters at the gathering. The leading comrades included Han Peixin, Shen Daren, Sun Jiazheng, Liu Lin, Chu Jiang, He Binghao, Ling Qihong, Luo Yunlai, Zhen Shen, and Yue Dewang. They talked cheerfully and exchanged greetings with the commanders and fighters.

Zhen Shen, commander of the Jiangsu Military District, reviewed the achievements made by local party committees and governments in the past year in supporting the reduction-in-strength reorganization of the PLA and militia units, in the joint Army-people drive to build spiritual civilization, and in building Army reserves. On behalf of the Jiangsu Military District, he gave his heartfelt thanks to local party and government leaders and the people in the province.

During the discussion, Han Peixin, secretary of the Jiangsu provincial party committee, spoke highly of the important contributions made by PLA units in Jiangsu to the province's economic construction. He pledged to work even harder to support the Army and take good care of the families of servicemen, and to build closer Army-government and Army-people relations in the new year. He called on the soldiers and the people to make concerted efforts to accomplish the new tasks assigned by the party Central Committee and the Central Military Commission.

After the forum was over, the leading comrades joined the cadres and fighters of Jiangsu Military District in watching a performance given by the literary and art propaganda team of the 3d Infantry Regiment of the Yangzhou Army Reserve Division.

#### JIANGSU'S HAN PEIXIN GREETES WRITERS CONGRESS

OW021453 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 31 Jan 86

[Text] A 4-day general membership meeting of the Jiangsu chapter of the China Writers Association came to a successful conclusion on the afternoon of 31 January. The meeting reviewed the achievements made by the province in literature since the 3d Plenary Session of the 11th CPC Central Committee, and further clarified the goal of the struggle from now on. Comrade Han Peixin's message of greetings greatly inspired the meeting's participants. It was the consensus of the writers in their discussions that the party and government have provided a lively political situation for literary creation, and that writers should further enhance their sense of responsibility for society and keep abreast of the times of producing more works depicting vivid realities of the four modernizations and the reforms so that their works can contribute to the prosperity of the motherland.

During the meeting, special forums were held on women's literature, children's literature, and periodicals published in Jiangsu.

In their speeches, the writers offered constructive suggestions for making literature flourish in Jiangsu, conducting correct literary criticism, and strengthening unity among writers. The meeting heard a work report by the previous council, discussed and approved the constitution of the chapter, and elected a new council.

#### JIANGXI'S WAN SHAOFEN AT SUPPORT-ARMY MEETING

OW301401 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 29 Jan 86

[Excerpts] The General Offices of the Jiangxi Provincial CPC Committee and the Jiangxi Provincial People's Government, and the Political Department of the Jiangxi Provincial Military District jointly held a forum on 29 January on supporting the Army and giving preferential treatment to dependents of servicemen and revolutionary martyrs and supporting the government and cherishing the people during the 1986 Spring Festival.

Attending the forum were Wan Shaofen, secretary of the Jiangxi Provincial CPC Committee; Deputy Secretary Liu Fangren; Deputy Secretary and Governor Ni Xiance; Deputy Secretary Xu Qin; Wang Zhaorong, Pei Dean, Wang Baotian, Lu Xiuzhen, and Wang Taihaua, members of the Standing Committee of the provincial CPC Committee; Zhao Zengyi, chairman of the provincial Advisory Commission; Di Sheng and Liu Zhonghou, vice chairmen of the commission; Wang Shufeng, chairman of the Standing Committee of the Jiangxi Provincial People's Congress; Wang Zemin, Liang Kaixuan, Huang Xiandu, an Liu Bin, vice chairmen of the Standing Committee; Qian Jiaming and (Fei Xiye), vice governors; Yang Yongfeng, Shen Hanqing, Liu Jianhua, Lu Liang, Wu Yongle, Li Shanyuan, Wu Tiyu, Jin Liqiang, and Wu Yunzhong, vice chairmen of the Jiangxi Provincial CPPCC Committee; Shen Shanwen, deputy commander of the Jiangxi Provincial Military District; (Liu Zhifu), deputy head of Nanchang Infantry School; (Yang Lingxiong), deputy political commissar of the school; (Liu Bingyao), deputy head of the school; (Jia Qingrong), head of Jiangxi's People's Armed Police Force; (Zhou Shiyi), political commissar of Air Force Unit 39341; Li Aichun, secretary of the Nanchang City CPC committee; and Chen Andong, deputy secretary of the committee and mayor of Nanchang.

The forum was presided over by Liu Fangren, deputy secretary of the provincial CPC Committee. Wan Shaofen, secretary of the Jiangxi Provincial CPC Committee, addressed the forum amid warm applause. After extending Spring Festival greetings to PLA units in Jiangxi, the People's Armed Police Force, demobilized military cadres, dependents of servicemen and revolutionary martyrs, disabled soldiers, and ex-servicemen on behalf of the provincial CPC Committee and the provincial government, she said: As the first Spring Festival of the Seventh 5-Year Plan is approaching, allow me to extend festival greetings to all at this early date. In the past year, especially since the CPC Central Committee and the State Council issued the circular on cherishing and respecting the Army and vigorously supporting the Army in carrying out reforms and taking part in construction, the people of the whole province have gained a better understanding of the PLA's role in socialist modernization and of the importance of strengthening the unity between the Army and the government and between the Army and the people. Activities to support the Army and give preferential treatment to dependents of servicemen and revolutionary martyrs and to support the government and cherish the people have been launched more extensively than in previous years. PLA units stationed in Jiangxi and the Jiangxi People's Armed Police Force have been actively supporting local construction. They have done a great deal of work to promote the joint building of spiritual and material civilizations by soldiers and civilians and to aid construction in old revolutionary areas.

After reviewing the excellent political and economic situations in Jiangxi, Comrade Wan Shaofen said: Compared with other economically developed fraternal provinces and cities, our province still lags behind.

Although we have succeeded in improving our party's work style, many problems still exist. I hope that the military and the people throughout the province will carry forward the revolutionary traditions and redouble efforts to make new contributions to the motherland's socialist modernization, to invigorate Jiangxi, to enhance the people's prosperity, to build the two civilizations, and to further improve the party's work style.

On the afternoon of 29 January, Liu Fangren, deputy secretary of the provincial CPC Committee; Lu Xiuzhen, member of the Standing Committee of the provincial CPC Committee; Vice Governor (Chen Guisun); Jiang Zhongping, deputy secretary of the Nanchang City CPC Committee; and other provincial and city responsible comrades visited PLA Hospital 94. Liu Fangren and other comrades briefed the medical personnel on Jiangxi's excellent situation, listened to their suggestions, and called on wounded and sick soldiers in different wards.

DAZHONG RIBAO COMMENTATOR ON ORGANS' WORKS STYLES

SK030210 Jinan DAZHONG RIBAO in Chinese 13 Jan 86 p 1

[Commentator's article: "Conscientiously Improve the Work Styles of Organs"]

[Excerpts] In his speech at the recent rally of cadres of central organs, Comrade Hu Yaobang called on central organs to act as examples for the whole country. This is not only a demand on central organs but also one on leading organs at the provincial, prefectural, and county levels. We must earnestly study and implement his speech.

To improve the organs' way of thinking, the most important thing is to foster the idea of service. Over a long period of time, our organs have been accustomed to acting as mothers-in-law, thinking that organs are to administer others and that grass-roots units should be geared to the needs of organs. Such a self-centered idea on the part of the personnel of organs will easily lead to bureaucracy and "yamen work styles." Organs are in the category of the superstructure. According to the Marxist viewpoint, the superstructure is determined by the economic foundation and should serve the economic foundation. In the final analysis, it is because of the needs in the grass-roots work that organs should exist. Comrades working in organs should not place themselves above those working at grass-roots units, giving suggestions for grass-roots comrades to act accordingly and regarding their assistance to grass-roots units in solving problems as something bestowed. Instead, they should proceed from the needs of grass-roots units and conscientiously serve them. An important criterion for judging the work of organs is to see whether or not organs can reflect the needs of grass-roots units and the desires and requirements of the people, help grass-roots units solve some practical problems in a down-to-earth manner, and promote economic development.

Raising efficiency has always been an important issue in the work of organs, and one that has not been resolved properly for a long time. From the subjective viewpoint, low efficiency reflects low spirit, low enthusiasm, and an incorrect way of thinking on the part of some organ personnel. From the objective viewpoint, it reflects a failure to define the duties incumbent on each person and to mete out rewards and punishments strictly. The problem of the common big pot existing in production units has been solved relatively well. However, the same problem existing in organs has not been solved. There are many issues that several departments take charge of jointly. However, they actually do not care about them. They ask about the issues whenever they feel like asking, and also have reasons to give whenever they do not feel like asking. In this way, every issue can be shifted to either higher or lower levels, and on one is held responsible in the event that problems arise.



The purpose of the Communist Party is to serve the people wholeheartedly. All personnel of organs are servants of the people. They have no reason to abuse their authority for selfish gains. Comrades in charge of personnel, finance, and material supply, in particular, should all the more value their power. There were "lucrative posts" in the bureaucratic organs of the old society. This meant posts where large sums of money could be made. At present, in some of our organs a few people also take advantage of the power given them by the party and the people to grow "fat." They are precisely the people who were involved in the economic crimes exposed recently in various localities. Comrades of some grass-roots units said that what they are most afraid of are those with "real power" at higher levels with unhealthy work styles and greedy eyes at the sight of profits. Anyone who burns joss sticks for them will benefit, and any one who shows no respect for them will be blocked through all possible means. In improving the organs' way of thinking, we should also focus on solving the problem of power abuse for selfish gains. Persons blinded by greed and with corrupt ideas and no sense of law and discipline who do not use their authority to promote the two civilizations must not be given any power in personnel, finance, and material supply. With regard to the few with serious problems, we should punish them resolutely, and never tolerate them or be soft-hearted toward them.

#### SHANDONG FORUM ON BUILDING RURAL ORGANIZATIONS

SK030346 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Feb 86

[Text] The provincial forum on building the rural grass-roots party organizations concluded in Jinan on 31 January. The forum discussed and revised the work principles for the rural party branches, discussed and studied ways to strengthen and improve the leadership work of the township and town CPC committees and the ideological construction and work style of the rural grass-roots cadres, to readjust the institutions of the rural party organizations, and to strengthen management over party members, and the building of the party organizations of the poverty-stricken villages.

The forum pointed out that strengthening the building of the rural grass-roots party organizations has become a task of top priority in the building of the two civilizations in the rural areas as well as a major task for the CPC committees at all levels. The forum decided that, at present, we should prominently grasp the following few tasks well in the course of building the rural grass-roots party organizations:

1. We should turn the rural grass-roots party organizations into strong bastions capable of contributing to the building of the two civilizations. The CPC committees at all levels should continue to grasp the readjustment of leading bodies in line with the four requirements of cadres, persist in combining ability with political integrity when selecting cadres, and pay particular attention to promoting to leading posts those outstanding party members who have a strong party spirit and good work style, who are young and educated, and who have a pioneering and creative spirit.
2. We should fully display the vanguard and exemplary role of Communist Party members in leading the masses to achieve common prosperity. In addition to taking the lead in becoming rich through hard work, the rural Communist Party members should consider the work of leading the masses to achieve common prosperity as their bounden duty.
3. We should grasp the work of improving the work style of grass-roots cadres as a major task of rectifying the rural party style. At present, we should pay great attention to helping the grass-roots cadres foster the viewpoints of seeking truth from facts, proceeding from the reality while doing everything, trusting and relying on the masses, observing policies and the legal systems, and working selflessly and honestly for the public. All cadres who have seriously violated the party discipline and state laws should be severely punished after verifying the facts.

4. We should vigorously strengthen the rural ideological and political work.

The forum stressed that strengthening the building of the rural grass-roots party organizations is a major matter for the whole party. The CPC Committees at all levels should include this work on their agenda. The propaganda, organizational, and discipline inspection departments of the CPC committees should share the work and cooperate with one another under the unified leadership of the CPC committees. They should stick to their own posts, continue to study the new situation and solve new problems, and strive to upgrade the building of the rural grass-roots party organizations.

SHANDONG SECRETARY ATTENDS ECONOMIC CONFERENCE

SK011118 Jinan Shandong Provincial Service in Mandarin 2300 GMT 31 Jan 86

[Text] The provincial work conference on economic and technological cooperation concluded on 31 January. It stressed that persistently carrying out reform; opening to the outside world; further promoting economic and technological cooperation; doing a good job in the transfer of technologies, talented people, and products; and greatly developing inter-regional and inter-departmental lateral economic ties are important tasks for our province's economic development and economic reform in 1986, and also an important policy decision aimed at invigorating enterprises and enlivening the economy.

The conference noted: Development of lateral economic ties is a new thing emerging in the course of economic reform. It plays a significant role in exploiting resources, utilizing funds, attending to the disposition of productive forces, meeting social demands, and ensuring an increase in the benefits of enterprises, and it has a bright future.

The conference pointed out: This year, our province's economic and technological cooperation should be focused on technological cooperation and the transfer of technologies, talented people, and products. On the basis of last year's achievements, we should make new breakthroughs by concluding agreements involving 3,000 projects and 500 million yuan, strive to bring in 15,000 college-level personnel of our province who have been sent to other provinces and municipalities for training, and engineering and technical personnel of various specialties employed from outside the province, and make the total volume of material exchange reach 1 billion yuan.

The conference emphasized that in order to strengthen economic and technological cooperation and promote lateral economic ties of our province we should develop the advantages of cities in industrial production, science and technology, talented people, circulation, finance, and information, stimulate the rational exchanges of funds, equipment, technologies, and talented people, help large and medium-sized key enterprises play their role as a backbone force, and enable cities to truly become open, key economic networks at different levels, of varying dimensions, and with distinctive characteristics.

The conference urged: Prefectures, cities, departments, and enterprises throughout the province should make a greater success in the economic and technological cooperation between the eastern and western parts of our province, and in their mutual support, and accelerate the systematic transfer of the advanced technologies and managerial experiences of the eastern part to the western part of the province. In this way, the eastern and western parts of our province will support and promote each other, achieve common development and gradually rationalize our province's economic structure and geographic distribution of productive forces.

During the conference, Liang Buting, secretary of the provincial CPC Committee, attended and gave a report. Zhang Jingtao, adviser to the provincial government, delivered a speech.

BEIJING SECRETARY AT MUNICIPAL RURAL WORK CONFERENCE

SK031257 Beijing BEIJING RIBAO in Chinese 26 Jan 86 p 1

[Text] The annual municipal rural work conference was held in Miyun County from 21 to 26 January.

The main tasks of this conference were to study this year's Central Document No 1 and the important speeches of the central leading comrades at the rural conference held by the CPC Central Committee, to sum up last year's achievements and find out where we have lagged behind, and to work out plans for this year's rural work.

This year, the general demands of the Beijing municipal rural work are to continuously implement the principle of "serving the capital, making the people prosperous, and building the socialist and modernized new rural areas;" to deeply carry out reforms; to integrate the urban work with the rural work; to invigorate the circulation channels; to step up cooperation; to promote a coordinated development in all trades; and to make the rural economy in the suburban areas move toward specialization, commercialization, and modernization. This work has been specifically divided into seven aspects.

1) We should further strengthen agriculture in the suburban areas; 2) continue to develop township enterprises; 3) firmly grasp scientific, technological, and educational work; 4) further invigorate the circulation channels; 5) vigorously improve the rural cooperative system; 6) help the poor mountainous areas gradually improve their outlook; and 7) strengthen the building of the socialist spiritual civilization and achieve fundamental improvements in the party style and social conduct.

Attending this conference were the responsible comrades of the municipal CPC Committee and the relevant departments, commissions, offices and bureaus of the municipal government, secretaries of the suburban county CPC committees, district and county heads, directors of the rural work departments, chairmen of the agricultural and financial offices, and secretaries of the various township CPC committees, totaling some 600 persons. Vice Mayor Huang Chao delivered a report.

Fei Xiaotong, vice chairman of the National CPPCC Committee, attended the conference. Also attending were leaders of the municipal CPC Committee and government, including Li Ximing, Chen Xitong, Jin Jian, Han Boping, Wang Jialiao, Wang Guang, Li Qiyan, Zhang Mingyi, Chen Yuan, Lu Yucheng, Wang Lixing, Sun Fuling, and Wang Xian. Li Ximing and Chen Xitong gave speeches on how to enable the suburban areas to further improve their rural work during the "Seventh 5-Year" Plan period, and on the issues of the study of cadres and of improving party style.

HEBEI CITY MAKES REFORMS, CORRECTS MALPRACTICES

SK040034 Shijiazhuang HEBEI RIBAO in Chinese 20 Jan 86 p 1

[Text] By analyzing positive and negative typical cases and summing up the experiences and lessons gained in conducting reforms and enforcing the policy of opening to the outside, Qinhuangdao City has further improved its systems and enhanced the political consciousness of the broad masses of party members and cadres, resulting in marked progress in conducting reforms and implementing the open policy.

Although Qinhuangdao City has scored marked achievements in conducting reforms and enforcing the policy of opening to the outside it has also experienced some cases of violating the law and criminal cases.



TEXT Since July 1985 the leading comrades of the city CPC Committee and the city people's government on three occasions selected some typical cases for organizing the leading cadres of the city party and government organs and the vast number of people to analyze the causes and effects of the cases. On each occasion, the leading cadres of the city CPC Committee and the city people's government first conducted a collective analysis of the cases, and second, convened a meeting with the participation of cadres of city-level organs at or above the deputy director and manager level, at which the responsible comrades of the city CPC Committee and the city people's government took the lead in analyzing the problems cropping up in straightening out party style in line with their personal ideological reality. Third, the city had its subordinate units organize their masses to hold profound discussions by using the cases for reference in order to upgrade their understanding and to improve political work organs.

Through analyzing typical cases, they have sorted out the following causes of these cases:

1. The leading cadres of some administrative and economic departments have ignored the program of building spiritual civilization so as to enable some units to leave party work untouched and to disband or merge their political work departments.
2. The leading personnel of some units have lowered their guard ideologically, slackened their vigilance, not performed their work in line with the party's principles, and have not paid attention to political conditions in personnel employment so a number of unlawful elements have committed criminal activities and practices violating the law by taking advantage of conducting reforms and enlivening the economy.
3. Various companies emerging in the program of conducting reforms have not been well supervised by specialized organs, so the management of issuing business licenses, notarizing documents, and approving shipping lists and letters of credit has become chaotic. This has made things convenient for the criminal activities of unlawful elements.
4. The accounting personnel have been of poor quality so they did not uphold principles in work.
5. The organs in charge of storage and leasing have not been healthy, and the notarial organs have not played their role satisfactorily, which have provided many opportunities for unlawful elements.

On the basis of analyzing these typical cases, they have studied and mapped out the following measures for improvement:

1. The city Personnel Bureau should take the lead in conducting investigations on the situation of political cadres among city-level organs and their subordinate units and in adopting feasible measures to deal with the problems in which some units have many vacancies for political cadres; some cadres are no longer suitable for political work; most political work cadres have not implemented the responsibility system; and some units have no distinct duties in political work.
2. The city Industry and Commercial Bureau has been responsible for carrying out examinations and checks among the various companies throughout the city. As a result, more than 100 companies violating the business law have had their licenses revoked, more than 100 notary stamps have been withdrawn, and regulations and rules in various managerial affairs have been formulated.
3. A system governing the printing, registration, sale, utilization and management of shipping lists and letters of credit has been formulated.

4. In line with the provisions concerned, the city has established accounting managerial organs at all levels and implemented the principle that only those who have obtained a "certificate" of accounting are qualified for accounting posts.
5. The city has worked out a plan for establishing storage sections in charge of unified storage management, unified service, unified charges, unified regulations and rules, and unified development planning in order to plug loopholes.
6. The city's financial front has worked out eight measures for enhancing cash management.
7. The city has enhanced education on the legal system and the work of building notarial organs in order to resolutely do things according to law.

The work of analyzing typical cases has enabled the broad masses of party members and cadres to discern the unhealthy consequences of neglecting the program of building spiritual civilization and the relationship between material and spiritual civilization; has straightened out the orientation of the transformation drive; has promoted the smooth progress in conducting reforms and enforcing the policy opening to the outside; and has pushed the entire party forward in straightening out party style.

Recently the provincial Discipline Inspection Commission published a circular for localities throughout the province to recommend the experiences gained by the Qinhuangdao City CPC Committee and the city people's government in this regard.

#### NEI MONGGOL SECRETARY ON 1986 WORK ARRANGEMENTS

SK310840 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 30 Jan 86

[Text] After a 7-day session, the regional meeting of the banner and county CPC Committee secretaries successfully concluded on 30 January.

At the morning session on 29 January, Zhou Hui, secretary of the regional CPC Committee, made an important speech on issues concerning the current situation, the grain tasks for 1986, straightening out party style, and building the leading bodies.

Comrade Zhou Hui said: This meeting was well convened. Through this meeting, in light of the region's actual conditions, the people will further upgrade their understanding of the line, principles, and policies of the central authorities and better understand the region's tasks. At present we must focus on grasping typical cases in a step-by-step manner. This is a job demanding solid, painstaking work and real skill. We should concentrate this year's reform on consolidating, digesting, supplementing, and improving the achievements scored in and the measures taken in the earlier reform work. The region and the responsible departments in charge of the reform work should pay special attention to work in this regard, and continue to ideologically and practically implement the work in a firm, good, and quicker manner.

Comrade Zhou Hui said: The current situation is very good, and better than expected. We must fully affirm the current excellent situation and fully estimate the significance of this success. If we do not make a full estimate of the current situation, we will make a fundamental mistake. However, we must notice the difficulties and problems existing in the current excellent situation. It is extremely harmful to be unrealistically optimistic by ignoring the existing problems and difficulties.

We must give problems more careful consideration and make a full estimate of the difficulties. By so doing, everything will proceed well and there will be no harm.

Comrade Zhou Hui pointed out: In the period when reform is carried out on a large scale, the people will certainly have more complaints because the systems are not perfect and we lack experience. We must properly solve this situation in a step-by-step manner, though it is normal.

Regarding the issue of how to solve the existing difficulties and problems, Comrade Zhou Hui said: With the assistance of the higher levels and in cooperation with relevant departments, we must rely mainly on ourselves and the masses to solve our difficulties and problems. Under the guidance of the line, principles, and policies of the central authorities, we must rely on party organizations at all levels and the cadres and the people of all nationalities in the region to solve the problems. Such a way of solving difficulties and problems should be adopted from the region to leagues and cities, banners and counties, departments, units, towns and townships, and sumu. We must constantly hold talks with grass-roots cadres and the masses and rely on their efforts to solve problems.

With regard to grain work for 1986, Comrade Zhou Hui pointed out: The success in grain work for 1986 is of important significance for judging the whole situation in the future. The party organizations and the governments at all levels should pay full attention to this work. The general fighting goal is to ensure an increase in this year's grain output based on a situation in which we will suffer even more serious natural disasters than those of last year. First, we must persistently carry out reform and adhere to the readjustment of the production setup. But, the production setup will not be readjusted on a large scale this year. The grain-growing areas of the leagues and cities are allowed to maintain the levels of last year.

Efforts must be made to further implement and perfect the system of fixed quotas for grain purchasing on a contract basis. This system is not confined to the main varieties of grains. Foodgrains other than wheat and rice produced by remote and backward areas should be purchased on the basis of signing contracts according to the marketing and production situation. Second, we must try by every possible means to increase the per-unit yield of grain. Third, it is of more important that we should handle better the relations between the state and the peasants, and focus on balancing better economic relations. Generally, we must give full consideration to the interest of the state, the collectives, and the individuals under the circumstances of protecting the enthusiasm of the peasants.

The purchases of livestock products should be based on the principle of balancing the relations between the interests of the state, the collectives, and the individuals under the circumstances of protecting the enthusiasm of the herdsmen. At present we must focus work in the circulation field in the rural and pastoral areas on reform of the system of supply and marketing cooperation in order to really bring their roles into play.

With regard to the tasks in the Seventh 5-Year Plan period, Comrade Zhou Hui said that we must center on grasping the following three major tasks. First, on the premise of implementing the principle of developing a diversified economy by taking forestry and animal husbandry as the key links, we should firmly grasp grain production.



We must especially rely on the forces of the masses to attend to construction of grain production zones, including the Hetao area, Xiliao He basin, (Linnan), and (Tulechuan). Second, we must attend to transportation construction. Third, we must attach importance to education on science and technology. We should attend to the cultivation of talented persons on the basis of bringing into full play the functions of the existing talented persons. The region will gain reserve strength for development after 1990 and will be able to really turn its advantages of having natural resources into economic advantages if we achieve these three major tasks.

With regard to the issue of straightening out party style, Comrade Zhou Hui said: Straightening out party style should be carried out resolutely according to the guidelines of the directives of the central authorities, since it is a task of great importance. We must attach prime importance to strictly handling major and appalling cases. Leading organs at all levels, especially the leading organs of the region, should take the lead in handling these cases. Leading cadres should set an example for others, and the leading cadres who indulged in unhealthy practices should actively make investigations and corrections. We should also resolutely support the discipline inspection departments at all levels to firmly correct unhealthy practices. We must conduct ideological education among the broad masses of cadres and the people. Bad typical cases should be published in the papers through selection. In order to promote the four modernizations, we must attend to construction and legality for a long time to come.

Comrade Zhou Hui also talked about the issue concerning the construction of the leading bodies in his speech. He said: Over the past few years, we have extensively readjusted the leading bodies at all levels in accordance with the four requirements for cadres set forth by the central authorities. On the premise of readjusting, strengthening and stabilizing the leading bodies, achievements have been realized in cooperation between new and old cadres and replacement of the old by the new, the ranks of the cadres have become ladder-shaped in structure, and the lifetime tenure system for leading cadres has been abolished.

Comrade Zhou Hui also stressed that we should further strengthen unity. Generally speaking, the region's situation in unity has gradually gotten better and better over the past few years. The unity among the party members, between the cadres and the masses, and among the people of various nationalities has been successfully enhanced. The unity among the region, leagues and cities, banners and counties, departments, commissions, offices, and bureaus has also been strengthened. We must make further efforts to consolidate and develop unity between all fronts, especially between the people of various nationalities.

Finally, Comrade Zhou Hui emphatically pointed out: Leading cadres at all levels should enhance the study of basic Marxist theory. This is a task of important significance at present. We must study the basic principles of Marxism, including the Marxist stand, viewpoint and methods. At present we must pay special attention to studying the party's documents stipulated since the 3d Plenary Session of the 11th CPC Central Committee, including the line, principles and policies of the central authorities, and the important speeches of the principal responsible comrades of the central authorities. Cadres at all levels, particularly leading cadres at or above the banner and county level, should take the lead in studying these documents. In light of the principle of combining theory with practice, we must adopt Marxism to guide our reform and development. We must strengthen investigations and studies and make efforts to explore new ways in the course of practice. We should never work out any principles without investigation and studies. We must persistently transform our subjective world while transforming our objective world and speak and act in accordance with Marxist ideals and morality so as to maintain the purity of Communist Party members.

NI ZHIFU ADDRESSES TIANJIN RURAL WORK CONFERENCE

SK020600 Tianjin City Service in Mandarin 0030 GMT 2 Feb 86

[Excerpt] The municipal rural work conference continued its sessions on 1 February. At the conference, Ni Zhifu, secretary of the municipal CPC Committee, and Li Ruihuan, deputy secretary of the municipal CPC Committee and mayor of the municipality, delivered important speeches on fostering the strategic ideology of achieving unified development between urban and rural areas, doing a good job in integrating the transformation drive of urban areas with that of rural areas, and of upgrading to a new level the work of rendering service to urban areas and making rural areas wealthy.

In his speech, Comrade Ni Zhifu pointed out: In mapping out plans for municipal transformation and construction, efforts should be made to foster the strategic ideology of achieving unified development between urban and rural areas. Such a strategy means, chiefly, that we should regard urban and rural areas as an entirety, or a whole. In discussing questions and making arrangements for work, efforts should be made to uphold the policy of overall consideration and all-round planning in order to achieve harmonious development and mutual prosperity between urban and rural areas and to gradually curtail the differences between urban and rural areas and between workers and peasants.

Following the ideas mentioned above, he expounded on the necessity and importance of fostering the strategic ideology of achieving unified development between urban and rural areas by presenting four reasons and also put forward seven tasks for fulfilling the strategy of achieving unified development between urban and rural areas.

In his speech, Comrade Ni Zhifu emphatically noted the issue of straightening out party style. He stated: The municipal CPC Committee will resolutely support and implement the important policy decision and correct arrangements made by the CPC Central Committee. Through careful study, the municipal CPC Committee has formulated the following principles concerning the guiding ideology in straightening out party style:

1. Efforts should be made to earnestly study the spirit of the directives issued by the CPC Central Committee in order to deeply understand the importance of straightening out party style.
2. In conducting the work of straightening out party style, it is imperative to enhance leadership over the work, to resolutely grasp the work and to grasp the work on a long-term basis and in a planned manner.
3. In straightening out party style, efforts should be made to proceed from investigating and dealing with concrete cases, particularly concentrating on investigating and dealing with major and serious cases.
4. Efforts should be made to correctly understand the situation by not only paying attention to the seriousness of malpractices, but also refraining from negating the main trend of development.
5. Efforts should be made to straighten out party style through studying the speeches given by the central leading comrades in order to promote or ensure the fulfillment of tasks in various fields this year.

At the conference, Comrade Li Ruihuan also delivered a speech, entitled "A Good Job Should Be Done in Integrating the Transformation Drive of Urban Areas With That of Rural Areas, and Upgrading to a New Level the Work of Rendering Service to Urban Areas and Making Rural Areas Wealthy."

GANSU'S LI ZIQI DISCUSSES LANZHOU'S REFORM

HK270737 Lanzhou GANSU RIBAO in Chinese 9 Jan 86 pp 1, 3

[Report by Chen Shaopei: "Leaders of Provincial CPC Committee and Government Hold On-the-Spot Office Meeting in Lanzhou"]

[Text] Lanzhou (GANSU RIBAO) -- On 8 January, the principal leaders of the Gansu Provincial CPC Committee and government and the responsible persons of the relevant departments at provincial level went to Lanzhou City to work on-the-spot to help overcome the city's difficulties and solve problems in the process of reform and economic development. They have clarified the guiding thoughts and some major measures to speed up the reform.

Since late August, the province and city have established a joint investigation team to make a prolonged, large-scale, joint investigation with a wide range and rich contents. This investigation has greatly improved people's understanding of measures concerning reform in Lanzhou City. Through the investigation, the province and city have exchanged views and unified their understanding. On the basis of this joint investigation, the provincial CPC committee and government held an on-the-spot office meeting to make a special study of Lanzhou City's economic structural reform.

The provincial leaders who attended the on-the-spot office meeting listened to a briefing on Lanzhou City's progress during the past year in carrying out its comprehensive urban reform, and its plan for continuing and deepening the reform. They contended that, as a city where experiments are carried out for the comprehensive economic structural reform of our province, Lanzhou City has made quick and sound progress; scored clear achievements; created a fine situation in its reform in the past year or more; and that people can be basically sure of victory in the initial battle. The provincial CPC Committee and government are relatively satisfied with Lanzhou City's plan for continuing and deepening the reform and call on it to steadfastly try every means possible to ensure the implementation of the plan.

The on-the-spot office meeting was presided over by Jia Zhijie, deputy secretary of the provincial CPC Committee. Provincial CPC Committee Secretary Li Ziqi, Governor Chen Guangyi, and Wang Jintang, member of the Standing Committee of the provincial CPC Committee and secretary of Lanzhou City CPC Committee, gave important speeches.

Li Ziqi gave a long speech at the meeting. In his speech, he fully confirmed Lanzhou City's plan for comprehensive reform and stated that the plan started from Lanzhou City's position as the province's political, economic, scientific and technological, and cultural center. The all-round plan took account of long-term interests while being based on immediate interests, and thus embodied the principle of viewing the situation in totality. The plan's orientation of reform was relatively clear and specific and correctly selected the task of invigorating large and medium-sized enterprises as a point to make a breakthrough in the reform. The plan adhered to the correct principle of improving economic results and making a greater contribution.

Having fully confirmed the distinct achievements that Lanzhou City has scored in the past year or more, Li Ziqi pointed out that compared with the requirements of the CPC Central Committee and the provincial CPC Committee, and compared with the relatively quick progress in other city experiments, and in the light of Lanzhou City's important position as a central city for the whole province, the city's reform has still fallen short to some extent of what it is required to do.



He said that currently the economic structural reform, with urban reform as its focus, is at a critical juncture. We should sum up our experience and persist in continuing the reform. We should analyze the problems that have cropped up in our reform. Judging by the problems that have emerged in Lanzhou City's reform, most of them were caused by our lack of experience, both at upper and lower levels, concerning the question of how we were to develop the planned commodity economy on the basis of public ownership. They were also due to the fact that it was impossible for people's thoughts, habits, and work methods to be adapted in a short time to the transition from the old closed-type system to a new open-type system. Regarding these problems that were unavoidable in the process of the reforms, we can only solve them by means of the reform. We should by no means return to the old path because of these problems. There will be no way out if we do that. Our reform is a magnificent and complicated systems engineering project, and an undertaking that no one has ever tried before. Therefore, it is impractical to demand that no twist, turn, difficulty or problem will ever emerge in the process of reform. It is also impractical to demand that we will be able to make the reform benefit all the people to the same extent, and make them all favor the reform without reserve, in a short time. We must keep our minds sober, foster our confidence in a sure victory, continue to remove various interference, conscientiously solve the problems that have cropped up, and steadfastly carry on the reform. Even if we encounter various difficulties, we should think boldly, be good at exploring our way, forge ahead with a pioneering spirit, and carry out the great undertaking of reform to the bitter end.

In regard to the work of proceeding from reality in creating conditions for invigorating our large and medium-sized enterprises, Li Ziqi said that in his opinion the basic indicators for an enterprise to be regarded as being enlivened are as follows: The enterprise has to no longer be subordinate to government administrative departments; it has actually become a relatively independent socialist commodity producer and operator that is managed independently and that shoulders sole responsibility for its profits and loss; it is capable of accumulating funds for itself, transforming itself, and developing itself; under the guidance of state plans, it is able to not only obey the policies and decrees but also gives play to its advantages, develops its production and improves its economic results in accordance with its own management strategy and market demands; and that it pays taxes according to regulations, and thus makes a contribution to the state. Judging by the situation of reform in the past period, in order to actually make a breakthrough in enlivening our large and medium-sized enterprises and to satisfy the above-mentioned requirements, all the departments and sectors at all levels must make joint efforts both inside and outside our enterprises.

From the point of view of the affairs inside our enterprises: 1) We should continue to streamline our administration and decentralize our power. We should arrange a major investigation on the decentralization of power to ensure that the powers that should be transferred to our enterprises have not been taken back by the responsible departments, nor retained by intermediate links or coordinating departments. By so doing we will ensure that the power has really been transferred down to our enterprises. 2) We should weaken the intermediate tiers, reduce the social burdens on our enterprises, and exempt and reduce readjustment taxes. First we should consolidate our companies. In consolidating our companies, we should severely punish, and never indulge, those cadres who have exploited their power of office to pursue their private ends. While consolidating our companies, we should earnestly do a good job of transforming, reforming, and renting small state-owned enterprises. Second, we should reduce the social burdens on our enterprises. We must adopt resolute measures to put an end to the practice of unreasonably apportioning government expenses to our enterprises. Third, we should gradually reduce and exempt readjustment taxes.

In regard to advanced enterprises that have good economic results, make great contributions, and are heavily taxed under the readjustment tax, thus retaining a small portion of their profits, we should gradually reduce and exempt their readjustment tax in order to prevent the practice of "punishing the quick workers," and in order to create an equal environment for competition between our enterprises. 3) We should adopt preferential policies toward enterprises that we focus on to transform. We should choose a number of enterprises that produce quality products, that achieve satisfactory economic results, that are assigned with heavy tasks of transformation, and that retain a small percentage of their profits, and, under the precondition of refraining from reducing the income of the state, we should heighten the percentage of their retained profits through paying back what they paid to the state and through other methods. 4) We should perfect our market mechanism and provide services for our enterprises. We should continue to expand our consumer goods market, open up our means of production market, establish and develop our financial market, and vigorously develop various kinds of technological and information markets. In addition, our labor and personnel departments at all levels, and all units that employ people, should conscientiously encourage the reasonable movement of labor and enliven the exchanges of talented people. In short, we should strengthen and perfect our work in managing various kinds of markets, give full play to the function of our competition mechanism in eliminating poorly managed enterprises, and to the regulatory functions of various economic levers, and thus radically raise the economic results of our enterprises and our society as a whole.

We should look inside our enterprises, tap their potential, give play to their advantages, and enable them to have the strength to achieve sustained progress. This is the key to invigorating our enterprises.

In order to ensure the smooth progress of the reform, we must persist in simultaneously grasping the construction of the two civilizations. We should combine economic management with political management, and improve, through the reform, the political quality of our ranks of workers and staff as well as our economic results and social benefit. At present, we should attach particular importance to strengthening and improving our ideological and political work, deepen the education to turn our people into working people with lofty ideals, moral integrity, education and a sense of discipline, heighten our staff's and workers' awareness in adhering to the four basic principles, and enhance their ability to resist erosive capitalist and feudalism ideology.

Li Ziqi said that in the course of Lanzhou City's future reform, the provincial and city party and government organs, and the various vocational work departments, should continue to maintain and develop the spirit of vigorous cooperation with one another, adopt diverse measures and strive to chart a new path for the reform in a hinterland city. We should continue to transfer downward the power of examining and approving medium-sized and small capital construction and technological transformation projects, and reform our system of material and equipment management. We should open the city gates wide and enliven our circulation. We should open our city gates wider and make our market more enlivened and thus enable our central city to really play the role as a commodity distribution and material exchange center.

We should establish connections and provide services for the development of lateral contacts. We should gradually and satisfactorily organize the lateral economic links between the enterprises in the urban area; between the urban area and the three counties in Lanzhou City; between Lanzhou City and the prefectures, autonomous prefectures, and cities in central Gansu; between Lanzhou City and all the prefectures and cities in the province; and between Lanzhou City and other provinces. We should also develop economic and technological exchanges and cooperation with foreign countries. We should strengthen the construction of basic facilities and vigorously develop our tertiary industry.



Li Ziqi concluded by saying that the key now is to grasp the actual implementation, while the key to the actual implementation is to strengthen our leadership and transform our work style. In the course of implementing its reform plan, Lanzhou City must start to consider the issue concerning the reform of its leadership structure. As preconditions for the reform, we must consider the unity of management, the flexibility of command, and the unity between power and responsibility.

Leading groups at all levels should intensify their investigation and study, and go to the actual work sites to solve problems. They should popularize the successive experiences on the establishment of networks of contact points. Each leading comrade should have contact with an enterprise, county or district, and often go to his contact point for a few days, to listen to the voices of the cadres and masses at basic level and sum up experiences together with them. By so doing, our leading comrades will have the initiative in their hands in doing their work. They should persist in doing work on-the-spot to solve the problems right there. In regard to some major problems that have a bearing on the whole situation, the principle leading persons must personally grasp the work, unblock the channels of communication, coordinate the relations of various sectors, and make special efforts to study and solve them. The leading groups at all levels should focus on serving the basic level in transforming their work style.

He hoped that Lanzhou City would make more contributions and satisfactorily take the lead in developing the economy, reinvigorating Gansu and enabling the people to become rich.

#### LI ZIQI ATTENDS GANSU PROGRESSIVES RALLY

HK270840 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 29 Jan 86

[Text] This morning, 79 civilized markets, 15 branch associations of three-good individual laborers' associations, and 182 three-good individual laborers in our province were commended by the provincial Industrial and Commercial Administrative Bureau and provincial Individual Laborers' Association. The whole province now has 1,050 urban and rural markets and some 151,000 individual industrial and commercial households with some 226,000 workers. The workers and the masses of the urban and rural markets have done a lot of work to speed up the building of markets, to emphasize service work in the markets, to strengthen the management of the markets, to persist in fair dealings, to uphold the interests of the state, consumers, and producers, and to do well in market order, sanitation, and so on. A large number of advanced units have emerged. Individual laborers have scored certain achievements in developing production, promoting circulation, enlivening the economy, and making things easy for the masses.

Leading comrades of the provincial authorities, including Li Ziqi, Chen Guangyi, Guo Hongchao, He Jianshan, and (Yan Shuheng), attended the commendatory rally. Hia Zhijie, deputy secretary of the provincial CPC Committee, spoke.

#### GANSU HOLDS MEETING OF PROVINCIAL ORGAN CADRES

HK310517 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 28 Jan 86

[Text] This afternoon, the provincial CPC Committee held a meeting at the hall of the provincial government, of provincial organ cadres, at which the provincial CPC Committee mobilized the participants to correct and improve party work style. It urged provincial organs to take the lead in correcting party work style, and to set examples for the province.



Li Ziqi, secretary of the provincial CPC Committee, delivered a speech on how provincial organs could take the lead in correcting party work style and setting examples for the province. Chen Guangyi, governor and deputy secretary of the provincial CPC Committee, presided at the meeting and made a speech. Liu Bing, deputy secretary of the provincial CPC Committee, announced the 10 regulations of the provincial CPC Committee and government on improving the organ work style. Jia Zhijie, deputy secretary of the provincial CPC Committee, made a speech on a recent resolution of the provincial CPC Committee on sending some cadres to counties and townships for extricating the poor areas on contract basis from the poverty-stricken state.

Comrade Li Ziqi said: Over the years, the province's economic and political situation has undergone great changes. At present, the province has a good situation of struggling in a united manner and making concerted efforts for the four modernizations. However, the provincial organs also have their dark side. Some departments and units still practice various unhealthy practices, which are reflected by some party member and leading cadres. In addition, some of these are very serious. Therefore, in order to fundamentally change party work style and the general mood of society for the better, we must correct party work style, strengthen the building of the organs and improve the organs work. It is also important in expediting the building of the two civilizations.

Comrade Li Ziqi urged provincial organs to raise their consciousness of correcting party work style, so as to set examples for the province. At the same time, he urged them to deal resolutely with major cases.

Comrade Li Ziqi said: Everyone is equal before party discipline. Cadres at all levels must take the lead in correcting party work style and must assume responsibility for being the leaders. Party organizations at all levels must further perfect organizational activities, welcome the criticism and supervision of the masses, overcome bureaucratism and improve efficiency.

The meeting was attended by more than 1,300 people, including leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government and the provincial CPPCC, as well as provincial organ cadres.

#### QINGHAI NOTICE ON VILLAGE-LEVEL RECTIFICATION

HK270257 Xining Qinghai Provincial Service in Mandarin 2330 GMT 26 Jan 86

[Text] According to QINGHAI RIBAO, the party rectification guidance group of the provincial CPC Committee issued a circular on 14 January on launching party rectification at village level throughout the rural and pastoral areas. The circular demands that the province seriously implement the circular of the Central Commission for Guiding Party Rectification on arrangements for rural party rectification, and puts forward five demands on carrying out rectification at village level:

1. Seriously study and thoroughly appreciate and grasp the spirit of the circular of the central commission for guiding party rectification on rural party rectification.
2. Fully implement and fulfill the tasks and demands set by the central commission for guiding party rectification for rural party rectification.
3. Proceed from reality in making arrangements for party rectification at village level. Generally speaking, rectification of the village party branches throughout the rural and pastoral areas should start in January 1986 and be completed in spring 1987.

4. Pay strict attention to grasping the policies, to ensure the healthy development of party rectification.
5. Strengthen leadership and ensure that rectification in the rural and pastoral areas is completed with high standards.

SHAANXI'S BAI JINIAN AT ADVISORY COMMISSION FORUM

HK270947 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 23 Jan 86

[Excerpts] Yesterday afternoon [23 January], the fifth plenary meeting of the provincial Advisory Commission invited veteran comrades who had withdrawn from the advisory commission to a forum. Young and veteran committee members happily gathered under the same roof and cordially held a forum. Leaders of the provincial CPC Committee, including Bai Jinian, Li Qingwei, and Mou Lingsheng, attended the forum. Chang Lifu, member of the Central Advisory Commission, attended the forum by invitation. Leaders of the provincial Advisory Commission, including Zhang Ze, Zhang Guanghai, Bai Wenhua; and Chen Yuanfang, who had retired from his leadership post on the advisory commission, also attended.

Comrade Zhang Ze spoke at the forum. He said that the provincial Advisory Commission must act well as political assistant and staff officer to the provincial CPC Committee and work in compliance with the relevant regulations of the party. 1) It is necessary to lay stress on the method of work. 2) It is essential to attach importance to the study of theory. 3) It is imperative to maintain our revolutionary integrity in our later years; to set strict demands on ourselves; to act as models in abiding by party discipline and state law; to continuously maintain revolutionary traditions and character; and to resolutely resist the corrosive influence of decadent capitalist ideology. Moreover, we must be bold in struggling against violations of law and discipline and in exposing the problems in this aspect and teach our own children and relatives to abide by discipline and law.

Comrade Bai Jinian also spoke at the forum. He said that the comrades who have withdrawn from and newly entered the advisory commission, are all veteran members of our party and veteran cadres. They have worked hard for 40 to 50 years. These comrades have devoted the energies of a lifetime to the cause of the party and people. They scored outstanding achievements in the democratic revolution, socialist revolution, and construction. They have rendered meritorious service to our country and nation and our party and people will never forget them. Proceeding from the overall situation of the four modernizations, these veteran comrades have withdrawn from their leadership posts on their own initiative, stepped down to the second or third line, and offered their positions to young comrades. With their practical actions, they have set an example in pushing forward reform of the system of cadres and in implementing our party's policy on replacement of veteran by young members of the party's leadership groups at all levels and on cooperation between them. Over the past year, the provincial Advisory Commission has done a great deal of work. This centered on reform, party rectification, and the building of the socialist spiritual and material civilizations and scored outstanding achievements. I thank the veteran comrades for the assistance and support they have given to the provincial CPC Committee's work.

Comrade Bai Jinian hoped that the veteran comrades would pay attention to rest and health and have a long life, and that they would do what they are capable of to support localities and people in their work.

WEN WEI PO ARTICLE EXAMINES PRC RECTIFICATION

HK031548 Hong Kong WEN WEI PO in Chinese 1 Feb 86 p 3

["Special Feature" by WEN WEI PO reporting team in Beijing: "Rectification Is Gradually Advancing in Depth"]

[Text] In Beijing, a strong political current is whirling and pounding party and government organs and various social groups. This political current had been brewing long before it turned into a violent shock wave at a recent meeting of party, government, and Army organs directly under the central authorities in which 8,000 people participated. The meeting called for resolutely rectifying unhealthy tendencies and said that this rectification should start with the central authorities and be expanded throughout the country. This has added to the vitality of the rectification of unhealthy tendencies and brought about a new situation in eliminating vicious trends in the economic sphere.

Social Contradictions in the New Situation

To study the political background for this 8,000-strong meeting, it is necessary to review the social problems that have emerged since the implementation of the policy of opening up to the world and reforms.

Facts have proven that opening up to the world has enabled China to get rid of national seclusion, that introducing foreign technology, capital, and managerial knowledge has enlightened the Chinese people and promoted China's development, and that reforms are sweeping away various shortcomings, breaking many old ideas, and bringing about a profound change in China's economic structure. A new socialist mode with Chinese characteristics is taking shape.

Unprecedentedly rapid development has been noticed in China's society and economy, and the people's livelihood, which was at a standstill for 20 to 30 years, has now greatly improved. These vivid facts have passed a fair judgment on the policy of opening up to the world and on reforms.

However, we should admit that opening up to the world and reforms are being studied and that no formula can be made at present. Moreover, old social habits and forces are still in the way, obstructing the work of opening up to the world and reforms, or even causing them to change their direction. The idea "you have your policies and I have my counterpolicies" is creating obstacles to the progress of the work of opening up to the world and reforms.

Loss of control over prices has counteracted the benefit brought about by wage readjustment. The imperfection of the wage system reform has aggravated the contradictions between the people and caused a new situation of disequilibrium.

Nothing is more serious than unhealthy tendencies, which are corrupting party and government organs and their functionaries, deepening political inequality, and worsening the irrationality in economic distribution. The vicious practice of abusing power for personal gain by some privileged people has become the target of attack.

There is an Unsteady Undercurrent

By opening up to the world and reforms, China has found the way to revitalize the Chinese nation and improve the people's livelihood.



Normally speaking, an atmosphere of harmony and tranquillity could have been expected in Chinese society. But the facts have proven the reverse. An unsteady undercurrent remains hidden in the course of stability and prosperity.

The student riots during the commemorations of the September 18th and December 9th Movements last year were ignited by Nakasone's visit to the Yasukuni Shrine, but the deeper social cause was the shortcomings which have emerged in the course of opening up to the world and reforms: prices have risen, distribution is irrational, and the children of some high-ranking officials have engaged in vicious practices. Although these are not the products of opening up to the world and reforms, not everyone in society can soberly understand this point. Therefore, some people have taken this opportunity to direct the spearhead at opening up to the world and reforms.

Dissatisfaction has spread to some social strata. Take drivers as an example. Taxi drivers can earn 200 to 300 yuan a month, but public bus drivers get only half that amount. So public bus drivers undertook a slow-down, coming to work late and refusing to stop their buses at bus stops.

Although the dissatisfaction did not result in violence, it has revealed current social problems, which have aroused people's attention and consideration.

#### Rectification, Opening Up to the World, and Reforms

How should opening up to the world and reforms be carried forward? This is a major problem being studied by the central authorities.

For a time, there was rapid progress in opening up to the world and reforms. Following the building of the four special economic zones, the 14 coastal cities, Hainan Island, and the Chang Jiang and Zhu Jiang Deltas were opened; and the reforms of the enterprise management system, the price system, the planning system, the wage system, and the taxation system were all accelerated. But before long, all these were slowed down and more cautious action was taken.

Last year, the National Conference of Party Delegates was held, at which Zhao Ziyang put forward proposals on the Seventh 5-Year Plan and arrangements were made for personnel at the central level. What merits attention is that the conference seriously pointed out the necessity for strengthening political and ideological work and rectifying unhealthy tendencies. Deng Xiaoping and Chen Yun made important speeches on this problem. The process from studying economic reforms and personnel readjustment to pointing out the necessity for rectifying unhealthy tendencies indicated new progress made by the conference. It also suggested the impact the situation in China had produced on the conference. Before and in the course of the conference, the students' feelings were unstable and they were planning to wage a September 18th Movement.

At the beginning of 1986, the central authorities announced that no new measures would be taken in reforms this year and that they would consolidate, assimilate, and perfect what has been achieved in reforms. Subsequently, an 8,000-strong meeting of party, government, and Army organs under the central authorities was held, at which mobilization was made by rectifying work style, strengthening discipline, and improving efficiency.

All this reveals the following explicit points: Opening up to the world and reforms will be carried out in a more cautious and unhurried manner, and more importance will be attached to rectifying work style to provide the necessary conditions for the work of opening up to the world and reforms.

### Severely Punishing a Number of People

The vast number of cadres of organs directly under the central authorities are studying the speeches delivered at the 8,000-strong meeting, along with correcting their work style, and in particular with rectifying economic unhealthy tendencies.

Some major and important economic cases are being exposed. The gold case and the Ma Xueliang case, which have been made known to the public, are just the prelude to the struggle. Many more can be expected. It is rumored that the daughter of a general is under arrest, that the secretary of a minister is being examined, and that the children of some leaders at a higher level will be questioned.

It is said that to carry forward this struggle, Deng Xiaoping has issued instructions to punish severely those who have committed crimes, whether they are high-ranking cadres or their children, and a number of people rather than just a few individuals will be seriously dealt with.

Rich banquets, which were usually served in party and government organs and enterprises, have now been replaced by cups of tea and plates of candies. From this small action, people can easily see that the current rectification of party style is quite different from that in the past. But will all this produce effective results? The crux lies in the determination of the central authorities: Can they get rid of all types of webs of relationship without sparing personal feelings? People are focusing their attention on this.

### WEN WEI PO ON CURRENT SITUATION OF INTELLECTUALS

HK030943 Hong Kong WEN WEI PO in Chinese 28 Jan 86 p 7

["Special Feature" by special correspondent Li Min-Hua: "The Current Situation of China's Intellectuals" -- first paragraph printed in boldface]

[Text] AT PRESENT, INTELLECTUALS HAVE COMPLETELY EXTRICATED THEMSELVES FROM THE NIGHTMARE OF THE GREAT CULTURAL REVOLUTION, AND HAVE BECOME A SOCIAL FORCE ON WHICH THE STATE RELIES. THEIR LIVING AND WORKING CONDITIONS HAVE BEEN GREATLY IMPROVED. HOWEVER, THEIR SALARIES ARE STILL A BIT TOO LOW. THE INCOME OF A MIDDLE-RANKING OR SENIOR INTELLECTUAL IS STILL LOWER THAN THAT OF A WORKER OR TYPIST AT THE SHOUDU IRON AND STEEL COMPLEX.

While attending a Spring Festival forum for the intellectual circles held by the Central United Front Work Department on 3 successive days, intellectuals, in their speeches, expressed their sentimental attachment to the motherland and the people, their deep interest in their special fields of study, and their easygoing attitude toward their present meager lives. What they said called forth in the audience feelings of profound respect. Certain problems they exposed in their candid speeches concerning the implementation of the policy toward intellectuals involved political matters, professional work, and their living conditions. All this saddened the audience. As a reporter, it is my duty to accurately reveal these problems so that the departments concerned will pay attention to them and solve them as soon as possible.

Chinese Intellectuals have completely extricated themselves from the nightmare of the Great Cultural Revolution, and are regarded as part of the working class, and as a social force on which the state relies. Such a complete change in political standing has ushered in a new era for intellectuals. With the progress of the four modernizations program of the state, all trades and services have urgently needed technical reform, and the broad masses of workers and peasants are eager to study cultural knowledge.

The importance of knowledge has been emphasized and accentuated in an unprecedented way. Knowledge has become something ardently sought by society and the individual.

Intellectuals' working and living conditions have been considerably improved. A famous sociologist, Fei Xiaotong, spent more than 100 days last year traveling from the north to the south to conduct an extensive social investigation. Xiu Ruijuan, a specialist in the study of microcirculation, has established a first-rate microcirculation research center. The center is continuously scoring new achievements in its research projects.

The situation of people of three generations living crowded together in a small room no longer exists among teachers in universities and colleges and research workers. They generally live in apartments with two rooms and a living room. Although the study is also used as a bedroom, their living conditions are still acceptable. They may now keep their minds on reading and writing when at home.

We should admit that the living standards of the broad masses of intellectuals have been improved.

The findings of a report accurately reflect the incomes of middle-ranking and senior intellectuals. The following figures were compiled by pharmacist Mrs Huang Liang, based on an investigation made in the Institute of Pharmacology under the Chinese Academy of Medical Sciences (see appendix).

To truly understand the significance of these statistics, the figures concerned should be compared with the price index, and with the personal incomes of people in other trades and fields.

Since the price index for Beijing is not available, I can only cite the following rough prices in markets and restaurants, based on information I collected myself.

When I visited a market, I discovered the price of pork: fat meat is 1.3 - 1.7 yuan per jin, whereas lean meat is 2.5 to 2.7 yuan per jin. The price of hen's eggs is 1.3 yuan per jin. Chinese cabbage is the cheapest vegetable, and its price is less than 10 fen per jin. The most expensive vegetable is blanched garlic leaves, and its price exceeds 1 yuan per jin. In a low-grade restaurant, the price of a dinner dish is 2 to 4 yuan. In a medium-grade restaurant, the price of a dinner dish is 30 to 50 percent higher than in a low-grade restaurant. In the Overseas Chinese Hotel where I live, a person might spend 10 yuan for his dinner.



APPENDIX  
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## Statistical Chart of the Incomes of Medium-ranking and Senior Intellectuals

Number of People	Age	Length of Service	Salary	Percentage Increase
8	51-56	joined work in 1948-56	original salaries 89-126 yuan	actual increase 31-47.5 yuan
		length of service 29-37 years	present salaries 136-157 yuan	average increase 36.2 yuan
		average length of service 32.1 years	average salaries 147 yuan	percentage increase 36.2 percent
14	46-57	joined work in 1947-1960	original salaries 67-87 yuan	actual increase 34-46.5 yuan
		length of service 25-34 years	present salaries 97-123 yuan	average increase 31 yuan
		average length of service 29.1 years	average salaries 108.5 yuan	percentage of increase 40 percent
7	42-48	joined work in 1962-1968	original salaries 67-87 yuan	actual increase 26-36.5 yuan
		length of service 17-23 years	present salaries 97-123 yuan	average increase 31 yuan
		average length of service 20.9 years	average salaries 108.5 yuan	percentage of increase 40 percent
11	28-35	joined work in 1968-1978	original salaries 55.5-57.4 yuan	actual increase 22-27.5 yuan
		length of service 7-17 years	present salaries 80-84 yuan	average increase 25 yuan
		average length of service 11.3 years		percentage of increase 43 percent
2	25-26	average length of service 2.6 years	original salaries 41.5-56.5 yuan	actual increase 14.5-32 yuan
			present salaries 71-73 yuan	average increase 25.6 yuan
				percentage of increase 77.5 percent

The above figures show that the salaries of the Chinese medium-ranking and senior intellectuals have increased by 30 to 40 percent. The state has considerably increased its financial expenses in this respect.

**END OF**

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